HIND-SIGHTS

OR

LOOKING BACKWARD AT SWINDLES

THE RURAL PUBLISHING COMPANY
NEW YORK

V.

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LOOKING BACKWARD AT SWINDLES

BY

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INTRODUCTION

The first business transaction that I can remember was the shipment of a fat calf by my own father. With two children in the family for every cow that calf could not be fattened without sacrifice. The price of a fat calf would not go far in the wants of a modern family of our proportion, but to us at that time it seemed like affluence. We had the joy of anticipation to the fullest extent, but the realization never materialized. After long and patient waiting the return came with the information that the calf did not bring enough to pay charges, but under the circumstances no bill was sent for the difference. I believe that the Publisher's Desk was conceived in that experience. Anyway the incident has always been a vivid recollection; and it has served as an inspiration to defend shippers' interests whenever it is possible to do so through The Rural New-Yorker.

It is often impossible to get returns for farmers after the goods or the dollar has passed into the hands of rogues. We sometimes succeed; but we realize better results in exposing the earmarks of fraud so that our people can recognize and avoid them. While we are constantly besieged by schemers plotting to rob us of our produce and our savings, we must remember the great mass of the people are honest, and business men generally give 100 cents value for the dollar. It is the unusual that impress us most. We forget the honest bargain, but remember every time we are "stung." Yet overconfidence is even more dangerous than undeserved suspicion. We are entitled to full and definite details of a business in which we are urged to invest our money; and no honest man will object to furnishing evidence of his identity and financial ability, when applying for credit.

Following the lure of thieves is not fascinating pastime. It would have been a pleasanter task to follow the notable achievements of honest men, and the development of legitimate business; but the fascination of these subjects inspires expression in many places and in numerous ways. We have followed in the wake of disagreeable company, in the hope of throwing light on their operations in time to save a marked victim. We confess to no sympathy with rogues, yet we have not taken up the subject to correct or punish them. Our object is to protect the savings of country people. We have no other purpose.

JOHN J. DILLON

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CHAPTER I.

SEED TRADE TRICKS.

Old Plant, New Name.

No class of men deserve better of the industry they serve than the horticulturists who originate, develop and introduce new and improved varieties of fruits and vegetables. Oftentimes these men devote a lifetime of patient, intelligent work and study to produce a single improved plant, and ofttimes the result is worth the effort. To have given the Concord grape, the Wealthy apple, the Livingston tomatoes or the Carman potatoes to the world and bequeathed them to posterity is monument enough for any man. It is evident, then, that seeds or plants of a useful novelty may legitimately be marketed for a price greatly in advance of standard varieties, and a favor granted to the public in introducing them. The originator and introducers are public benefactors, and seldom, if ever, receive adequate compensation for their services to the public.

But the merit of this work has developed a horde of grafters and a system of misrepresentation and deception that amounts in the aggregate to a gigantic swindle. The most frequent form of cheating adopted by the fakers in the seed and plant trade is to take some ordinary variety of plant, give it a new and high-sounding name, and sell it as the most wonderful new production. Sometimes an obsolete plant is treated in the same way.

A Typical Seed Fake.

A Buffalo, New York, defunct concern is referred to elsewhere as a promoter of an alleged co-operative scheme. Before going into the gigantic swindle they ran a novelty seed business. The seeds were sold through traveling agents. Their catalogues and circulars contained illustrations of the most wonderful corn, oats and potatoes, and other seeds, and the stories told of their productions were simply revolutionary. It was alleged that these seeds had been developed on their own seed farms, under the eye and hand of their own expert hybridizer and grower. They were sold at fabulous prices in small lots. They actually grew so bold in the traffic that they secured a stand at the New York State Fair in Syracuse and took orders on the ground. It was here they attracted our attention. New varieties of merit seldom escaped our attention, but here were new varieties in great abundance if the representations were true, and an investigation was instituted. We soon found that the two men of the concern had not so much as a square foot of ground to call their own, and that they never so much as grew a single plant of any kind, not to say originated one. They had no financial rating, and had already failed several times. When the debts of one company became too pressing they simply passed it back and came forward with a new company and the same old scheme. We traced the wonderful new variety of corn that had been sold to farmers as a specially developed seed by themselves for silage purposes, back to the grain elevator where it had been bought out of a Western shipment, and never paid for at that. The potatoes had been bought from farmers in western New York in the Fall, shipped to Buffalo and there sorted and put up in small sacks and actually sold back in some cases to the very men who sold them as the wonderful new variety at six times the original price.

During the swindling promoting game the seed business was dropped, but five years after the stock jobbing bubble burst the same two schemers revived the seed business, and with it the same old illustrations and descriptions that had served so well five or six years before.

Fixing the Price.

A Rochester, N. Y., concern has been working the novelty seed racket with considerable success for a number of years. They also sell through traveling agents. No concern could work the fakes successfully in any other way. They made oats and wheat their leading features, but worked a rather full line of seeds. The story told by their agents was that they had secured a wonderful new variety of oats, but did not have supply enough to go around, so they could not sell any one person in excess of two bushels. The price was $2.50 a bushel, and the farmer must sign a contract binding himself not to sell the product for the next year for less than $1.00 a bushel. That contract was the clincher. The prospect of a yield of three times his normal yield and three times the normal price in addition was more than the ordinary producers could withstand. With it, of course, usually went additional orders for other seeds. In other sections the same scheme was worked with wheat or corn. A discussion of the methods of this concern in The Rural New Yorker about two years back brought the following voluntary contribution from a Canadian correspondent:

I notice in a recent issue a tribute to the great seed oats distributor of Rochester. As the oat distributor is a product of Canada, you might be interested to know the development of this agricultural prodigy. While traveling through Ontario four years ago, I ran into the home nest of this migratory bird, and learned from a former neighbor of his the inception of his great seed oats industry. He was raised on a farm in Zorra Township in Oxford County, Ont., just six miles north of Ingersoll town, at a place called Rayside, where his father kept a local post office while running the farm. This scion of the family was always averse to toiling with his hands, and as he expanded in stature he used his wits to expand his present scheme of farming the farmers. He visited the grain thrashings in the neighborhood and contracted for supply of oats where he found any of particularly good color and well matured and well cured (oats then used to sell for 25 cents per bushel), took the oats to the home farm and spent the Winter months cleaning and dressing them up while he had agents traveling all over the Province taking orders from farmers for this great new brand of oats, which he decked out in a fancy new name such as would sure captivate the sucker farmers who were willing to pay 10 cents per pound for five-pound and 10-pound parcels of same and around $2.50 per bushel in one or two-bushel lots. These agents got 20 to 25 per cent commission on sales and he arranged with the leading feed store merchants in the different towns to deliver the parcels to the farmers around who ordered, and were notified by post card where to call and pay for their parcels (he paid 15 per cent for this service). This field was not productive enough of the sucker class to suit the greed of this great seed oats philanthropist, so he hied him over to your side of the line to Rochester, where no doubt he has developed a wider field for his usefulness. This, in brief, is the history of this enterprise as I learned at his early home. You can draw your own conclusions, and if you can put these facts in shape to save any over-confiding sons of toil from listening to such fairy oats tales and keep their hard-earned dollars down in their boots so it won't be carried away on the hot-aired wings of eloquent seed oats orators you will be doing some more valuable missionary work of which you seem never to tire.

Another western New York seedsman of rather strong financial rating conceived the idea of marketing seed wheat on a novel plan. He, too, sold through itinerant agents, and described his wheat as a new variety and represented it as yielding more than double the usual yield per acre. He sold exclusively on a contract which obliged the farmer to deliver three bushels at the depot the following year for one bushel of seed furnished him. We were unable to confirm the claim that the seed was new, or that it produced more than the average yield. Our conclusion was that it was a very good quality of hard wheat, but three bushels for one was a larger share than it seemed a grower could well afford.

Buying the Crop.

Still another scheme is to sell the alleged new seed at a high price and contract to take all the product the following year at a fixed price much in advance of market quotations. Of course, such concerns have no responsibility. Any such contract is not worth the white paper on which it is written.

A 40-Year Baby.

The Alpine strawberry is a good illustration of the obsolete plant coming back to claim new honors. Forty years ago it was fully described in The Rural New Yorker, and the extravagant claims made for it then ventilated. During recent years it has been revived by seedsmen who make a practice of exaggerating and booming fake novelties. It will grow from seed and it will produce berries, but it is not new and the cultivation of it is a virtual loss of time.

The Wonderberry.

About two years ago the agricultural and horticultural press bristled during the seed-selling season with advertisements of the Wonderberry, some of it in half-page display. It was claimed that it was an entirely new plant originated by Luther Burbank, of California, and introduced by an Eastern seedsman. The illustration and description were rather sensational. Of all the publications which were offered the advertising, and the offering included both class and literary publications, The Rural New Yorker alone refused it on the ground that it was not a new plant as represented. The discussions over it waxed warm during the following growing season, and libel suits were threatened. It was said that $20,000 had been appropriated to advertise it the second year, and it was claimed that the sales for the first year exceeded all previous records for a novelty. The discussion, however, developed careful observation of the plant and its fruit, and it was well established by the best horticultural authorities of the world that the Wonderberry was nothing more or less than the "black nightshade," known as a weed the world over, and the insipid, watery berry of which is dangerously poisonous in most sections. A feeble attempt was made to exploit it the second year, but the people "were cn" and it has been practically if not entirely abandoned.

A Bad Guarantee.

A Philadelphia seed concern, Moore & Co., sold a New York State farmer Alfalfa seed under a written guarantee that it would be free from obnoxious or troublesome weed seeds. The farmer sent samples to the Agricultural Department at Washington, D. C., and also to Cornell University. Reports from both places were to the effect that a large number of weed seeds of different varieties were found, and Cornell reported it the worst sample ever tested. The seed was returned to Moore & Co., and the money, about $9, demanded. The concern evidently made the guarantee on the assumption that the farmer would accept it and not have the seed tested. They refused to refund the money, and at last advices had the seed and the money, too. The farmer has the experience.

Trick in the Packet.

Small garden seeds are usually sold in five and ten cent packets. I used to wonder how certain concerns could afford to advertise 10 free packets with a catalogue. In the legitimate trade a packet is a definite amount of seeds, but these alleged free packets contained scarcely a sample of the seed, and the house which resorts to this trick of slimsy packets cannot be relied upon for quantity, quality or true variety in seed orders.

Potatoes Without a Hoe.

A few years since a transparent trick was worked on many of the farm papers by some genius who proposed to sell farmers seeds of what he called a vineless potato. The copy for The Rural New Yorker was returned on sight to an advertising agent, but it was small copy and escaped the scrutiny of most, if not all, the other publishers. You did not need to go through the formality of planting this wonderful new potato. All you needed to do with the new and wonderful discovery was to follow the directions of the discoverer and the tubers would multiply themselves in the bin, which must be specially constructed for them. It would seem impossible that any sensible being would patronize such an evident fake, but the fact that it was attempted, and that the advertisement actually appeared in some of the farm papers, was equally incredible.

CHAPTER II.

TRICKS OF THE TREE AGENTS.

Told by Their Victims.

There are two classes of tree agents. Sometimes a fruit grower spends the Winter selling trees to his friends and neighbors. Such a man knows what varieties are wanted and how to plant a tree, and he can if he wants to be a good help in orchard planting. He generally acts as agent for some reliable firm, or else buys of a mail order house and sells again. If his reputation is good and you know him, it is safe to buy his tree, unless he has made the mistake of tying up to an unreliable house. There are two objections. You have to sign a contract early in the season. Later on things may develop so that you do not need the trees or cannot use them, yet your contract will give the nurseryman a chance to enforce payment. You will also have to pay more for the trees when you buy them in this way. Under the most favorable conditions this extra price will run from 50 per cent additional to double the direct price. The agent is simply another middleman between you and the man who grew the trees.

Honest and reliable nurseries have sold goods through honest agents. No doubt this is done at present and will be done in the future. It is unfortunate that such reliable nurseries and such honest agents should suffer in reputation and business by the customs of unreliable concerns and the trickery of dishonest agents. If a grower is sure of the reputation of the nursery, and of the honesty of the agent, it is of course, as safe to give them an order as sending it to a reliable house direct. But the great amount of annoyance and loss to growers caused by the fake stories and petty trickery of the average tree agent, and the concerns which he represents, makes it imperative that orders be placed only with agents and houses well and favorably known to the buyer. An honest agent representing an honest house is all right. But you must know.

The fake tree agent is very different. This man either knows nothing about fruit except the pictures which he finds in his sample book or else he knows too much. Some of the nursery firms advertise for agents, "No experience required." The result is to let loose a gang of irresponsible men who are merely trying to get an order for trees in any way that they can work it. These men are worse than talking machines, and any ridiculous story will suit their purpose. They are good judges of human nature and seem to know which fairy tale would be most likely to draw blood. Sometimes they guarantee a frost-proof peach which carries fur so thick that the peach cannot freeze. Others have a peach which at the proper time lets out a deadly flow which will kill the scale. One of them sold plum trees that were grafted on oak so that the borers would not touch it. Another offered as a premium a new variety of oat. This oat was originally grafted on the clover root. Since then every plant makes a long tap-root like clover, and gives a full crop in the driest times. A few years ago one of these rascals went through the country with a plant which grew tomatoes from the vine and potatoes from the roots. He claimed to have a new plant which always grew that way from the seed. The seeds were worth 50 cents a piece. What he had was a tomato slip grafted upon a potato vine. This grafting is quite easily done and when successful the tomatoes and potatoes do actually grow, but of course the seeds would produce nothing but tomatoes again. Some of these agents claim that their trees are grown in some peculiar way different from others, when they are all from a grower who sells exactly the same stuff to other nurserymen. Whenever a man comes along with any such fool story it should be accepted at once as a sure indication of a fake.

As a rule some new man delivers the goods, very likely some neighbor or friend. He is paid to do so. The original agent does not come back and it is usually wise for him to keep away. One favorite trick of the fake tree agent is to make a lot of verbal promises. He will tell you that you can cancel the order if you like; that the company will replace all defective trees, and he often makes many similar promises. Sometimes they promise to care for them for five years. He does this to people who are in the habit of accepting these verbal promises as they would a bond or signed agreement. When the victim, however, finds that he cannot use the plants he cancels the order, but finds that the nursery firm pays no attention to verbal promises, but holds him right to the printed contract. The nursery will not be responsible for what the agent *said*, and this should be remembered in making any contract whatever. The verbal agreement is worthless when a written one is signed. See that all the material agreements are written into the contract. Another trick is to write a new sentence into one contract and leave it out of the other, so that the farmer is held while the nursery goes free or is left in a position to demand payment whatever happens. The fake tree agents' prices are often four times the price charged by legitimate mail order houses. One prominent agent sold many orders of apples at 75 cents, plums and cherries at $1, and peaches at 60 cents. These trees were bought originally of the grower at 12 cents for apples, 10 cents for peaches and plums, and six cents for cherries. The grower's share of the dollar in this case was about 10 cents or less. A safe rule is never to sign any contract with a stranger who offers nursery stock. He cannot give you any better trees than the mail order nurseries do and his price will be at least double.

There is a special class of fake agents who try to work a double game. Some fellow goes along offering a new variety. It is the most wonderful thing ever known. You cannot get it anywhere else, as it is patented by the United State Government. It will only be sold to a few men in each county, and the agent "contracts" to buy the new wood from these trees to be used in top-working others. He charges $5 or more per tree. This is the rankest sort of a fake. The United States Government does not issue any patents on plants or trees. The fruit is some untested seedling usually of very little value. In twenty years of such work not one really improved variety has been introduced in this way.

Another favorite scheme is for an agent to try to make a contract with a farmer to grow a new pear or peach. This agent goes around with a spade digging the various farms until he finds the soil "just suited to his new variety." He then produces a wonderful contract, in which he agrees to sell enough of the trees for one or more acres, to plant these trees, trim them for five years, and then buy the crop at a high figure. In this contract a little figuring would show you that these untested trees cost about $10 each, half of which is to be paid at once. Some years ago these plausible rogues actually made hundreds of such contracts. They got the first payment which gave them about 500 per cent profit, trimmed for two years, and got two more payments, and then disappeared. We traced one man of this class through several States. After getting his money he changed his name and is no doubt still working his fake scheme. From its very nature the scheme is a fake, impossible of being carried out.

The contract presented by tree agents usually states that no cancellation will be permitted. There are often reasons, like death, removal, or sale of property, which would make such cancellation necessary and justified. A large proportion of these contract orders would not have been given anyway if the agent had not made a verbal promise that under certain conditions the order could be cancelled. Some of the better class of nurserymen will consider these reasons and in some fair case will admit them or compromise on part payment to cover expenses. As a rule, however, you must expect to be held to your contract and forced to pay after you once sign a contract for a tree, and cannot show misrepresentation or fraud. In case you can show such a thing, from extravagant stories, excessive high price or misrepresentation, you will have excuse for cancelling the order and refusing the stock, but you should never have signed the contract in the first place. Some of the fake nursery firms hire a local farmer to deliver the ordered trees and make collection. They will claim that throwing a bundle or a box of trees over the fence upon your property constitutes a legal delivery. You are bound to have trouble with the fake tree agent if you ever sign a contract, and the surest way to avoid such trouble is to refuse absolutely to sign such a paper presented by a stranger.

Quite frequently there is trouble over substitution. A man pays money for certain varieties of trees and plants, which are expected to produce certain kinds of fruit. When they come in bearing he finds some worthless variety or something unsuited to his needs, after going to the expense of producing the tree and watching for it to come in bearing. The nurserymen try to protect themselves against liability by stating in their contract that in case of substitution they will simply replace the tree; which is not satisfactory to the planter. Several cases covering substitution have gone into court. It has now been decided that the grower who brings suit can go to a jury with evidence to show how this substitution injured him. He is permitted to show if he can what the original value of the land was and what its value if planted to the true variety would be. The measure of damage being the difference between the two.

It is for the jury to decide how fair this claim may be. A farmer can readily see that in order to carry such a case into court he must be able to prove that the trees in question were actually the ones bought of the nurseryman, and this might be hard to do unless there were witnesses who saw the trees brought into the place. The one safe rule is first to find a house of good reputation and sound financial standing, and place your order with them, keeping a copy of the order and conditions of shipment. You will rarely have trouble with such a house, and if anything goes wrong, it will be promptly righted.

The Seedless Apple Experience.

The gentlemen who started to promote the seedless apple certainly put up a slick job. A parent company of many millions of capital stock was formed in the West. Then it was proposed to organize subsidiary local companies in different places, to be controlled by the parent company. The local growers, of course, were to buy stock in these local companies, and grow the stock. The trees were to be sold at $2 each, and the profits on paper were estimated in millions. Several of the local companies were formed, and, as usual in such cases, some prominent men in the places were named as officers and investors. The Rural New-Yorker soon discovered the stock promotion feature of this scheme, and by a little publicity soon broke it us. The stock promotion feature was abandoned. If allowed to go on, there is little doubt that large volumes of the stock would have been sold to growers.

Then it was proposed to propagate and market the trees by the parent company, and the quality and value of the fruit itself became a question of importance. Evidence was produced to show that the original was an old Virginia seedling such as is often found in fence corners; that it sometimes had seeds and a core, and that the quality was inferior to our ordinary standard varieties. The promoters had claimed that it had been developed by scientific methods, and that seedless trees of other varieties such as the Baldwin and Greening would later be produced by the same methods. An attempt was made to hush criticism by advertising contracts in farm and fruit papers; and one New England farm paper attempted to boom the project by a page write-up of the fake. The best horticultural authorities of the country backed up The Rural New-Yorker in telling the truth about the seedless apple, and the scheme was finally abandoned. Of course, if the apple had any merit, it would still be grown, but no one hears of the fake now.

The "Tree Doper" Fake.

This faker has appeared during the past 10 years. He started in the towns and cities where elm trees were attacked by the elm tree beetle. Many town people would pay $100 rather than have an old tree die. The "tree doper" guaranteed to "cure" these trees, usually charging $5 per tree. His plan was to cure all disease and destroy all insects by putting some mysterious powder under the bark. The favorite argument of these fakes is that farmers feed tobacco stems and sulphur to sheep to get rid of ticks. Some of the sulphur *does* work off through the skin into the wool and the ticks do let go. The "tree doper" claims that his dope acts just the same in the tree sap. That is one of the most profitable lies in the business. One plan is to paint the tree trunk with some liquid and let it "work in through the bark." This stuff is usually carbolic acid. In one peach growing section of New Jersey one of these "dopers" got rich selling this stuff as a guaranteed cure for the San José scale. It was a season in which the scale did not breed and spread rapidly, and this "dope" got the credit—until the treated trees died. The "dope" slowly destroyed the bark.

Another scheme is "inoculation." They bore a hole in the tree trunk and poke in a powder, then plug up the hole. In California this was tried as a test. After three months it was found that the powder (a mixture of sulphur, salt and soda) had not been absorbed at all but had killed the bark and wood for several inches around the hole. A favorite material with these tree dopers is calomel, claiming that it acts on trees as it does on humans. It is a fake. A new one in Pennsylvania uses cyanide of potash in little capsules—placed under the bark. This deadly poison does no benefit to the tree, but destroys the bark wherever it is put. Still another scheme is to dig a hole beside the tree and put a powder around the roots. This powder contains tobacco dust, sulphur and iron sulphate. The tobacco dust is used to kill woolly aphis and the iron sulphate helps destroy blight. These tree dopers charge 10 times as much for their dope as the materials are worth. The entire business is a fake. Chemists and scientific men have for years studied the sap-circulation and the power of the sap to carry and use these chemicals. There are no scientific facts whatever to warrant the claims of these tree dopers. They are swindlers and have stolen thousands of dollars from the people.

Troubles Through the Mail.

It is not safe to assume that all catalogue nursery houses are simon pure. Some of them have tricks of their own. But it is only fair to say that many of them are among the highest class business houses of the country, and only a comparatively few of them have come under criticism. One Illinois house has been entirely lawless, receiving remittances through the mail and neglecting to send goods or return the money. One western New York concern claimed the right to accept remittances for shipments at definite time and then ship when it got ready. One Western concern worked the "model orchard" scheme. You got a circular letter saying they wanted to establish a model orchard in your neighborhood for advertising purposes, and would make you their agent. The vanity dope was poured in freely. They had found you were just the man they wanted to represent them. They would furnish the stock, a list of which was given, but you were to send $10 for expense of packing and as evidence of your good faith. Of course the $10 was a high price for the quality of stock shipped. The model orchard never materialized from such stock. Frequently it failed to grow at all. These concerns have been fully exposed by name in The Rural New Yorker.

CHAPTER III.

THE HEN BUSINESS.

Frauds of Two Kinds.

The poultry business lends itself readily to the schemes of petty tricksters because they can get into it without much capital and their petty frauds are not always easily detected. Again in many cases the amount involved is small and the victim pockets his loss and keeps still. This would probably account for the discredit cast upon the honest hen in many cases. At first sight, the impression seems to be that there is more petty trickery in the poultry business than in other lines, because practically every person with a square rod of ground keeps a hen, and every table consumes her products. But when you consider the many small units in the industry and the enormous extent of it in the aggregate, it is plain enough that the percentage of tricksters and petty swindlers in the poultry business is not so great as we find in other lines. If the purpose of this book were to discuss the poultry business as such, we could show that it is not only one of the most important industries in the whole country, and that like other well developed enterprises it is conducted in the main by an able, intelligent and honorable class of farmers, breeders and dealers. It would be a pleasanter task to discuss this phase of the industry and to acknowledge the credit due the honest and successful men who have given their lives to the development of it. But the object of this particular book is to point out the dangers and by throwing a searchlight into the dark corners, reveal the chicken thief and to put a brand on his back so that he may be readily recognized by his intended victims. Every honest man in a legitimate industry is anxious to have the rogues driven out of it.

Frauds of the poultry business are of two kinds, one that of faking and defrauding the prospective buyer in the show room and the other, the much greater evil of the two, in defrauding in business transactions. The men indulging in the latter, however, are few in comparison to the number that do business in a straightforward way.

The American standard of perfection, the guide by which all birds are supposed to be judged, defines faking as follows: Removing or attempting to remove, foreign color in face or ear lobes when it is a disqualification; removing side sprigs or trimming a comb in any manner except in the dubbing of games, artificial coloring of any feather, splicing feathers, injury to the plumage of any fowl entered by another exhibitor, plugging holes on legs of smooth legged varieties, where feathers or stubs disqualify, staining of legs. In fact, any self-evident attempt on the part of any exhibitor to deceive the judge and thus obtain an unfair advantage in competition. It is this unfair advantage that has a tendency to keep the mongrels and cross-breeds on many of our farms. In fact to-day, to enter into competition at any of our Winter shows, compels that the farmers have a correct knowledge of how to condition a bird to compete with those fanciers that make a business of it. To condition a bird fairly and to do the same unfairly are two different things. There are many things that are allowed in fair competition and it is the abuse of these privileges that make the competition unfair. It is perfectly just that we be allowed to wash our white birds, but to bleach them is entirely different. A bird properly washed has the same advantage of a bird that is brought direct from the coop as a well groomed horse has over a horse fresh from the pasture field.

A Fumigated Bath.

A few years ago I had occasion to call on a breeder of White Wyandottes, that I knew to have a cock bird of high score if it were not for a brassy color. I noticed that this bird was missing, and as the breeder was about to enter a string at a coming show, I asked about this cock bird and he replied that he was washing him. Before I left, I found out how the bird was being washed. I found the bird in the kitchen tied both wings and feet, so that the least move was hardly possible, covered with a muslin cloth, wrapped tight around his body. The cloth was saturated with a well-known bleaching agent, and would cause the bird, after a length of time to become white as snow. I said nothing, but the breeder never had any trade sent his way by me. The bird won first, and was advertised to head his first pen from which eggs were sold at the modest price of one dollar each.

Pulling Feathers.

At one of our recent State fairs I saw another act that was anything but fair. A breeder, a large string man in fact, was closely picking out numerous small feathers from a fowl, which feathers would have debarred the bird from competition. The superintendent of the show stood by the breeder, talking, apparently unaware of the breach in fair showing. The bird, a pullet was placed first and nothing was ever said or ever thought of the occurrence. At this same show I was talking with a breeder of Golden Hamburgs, and he told me his troubles. It seems that he had two pens entered against but one competition. Both his pens arrived at the show in first-class condition, but when the judging commenced, the tails of both cock birds were either entirely pulled, or broken so that the pens were placed second and third, and first given to a greatly inferior pen. The judge did as he was compelled to do and cut the two pens in question for lack of tail feathers and condition. These are only a few instances that I have seen of taking unfair advantage of the farmer who competes with the fancier or worse still, a string man. They are frauds pure and simple, but until we are able to have a private detective for each coop, it will be impossible to avoid them. It was not my intention to touch strongly on the subject of faking in the show room, because not one farmer in a hundred ever shows, but I wish to bring out this fact, that when we buy stock or eggs from the breeder that indulges in these practices, we are not only likely to be defrauded with inferior stock, but we are lucky if we get anything at all for our money.

Both Strains From Same Hatch.

It was once my fortune to be associated with a breeder that does, I believe, nearly as much business as any one breeder in the United States. This particular breeder worked on the plan that part of the public expected to be defrauded by the other, and he proposed to be the first instead of the latter half. He did an extensive business in White Orpingtons and made a great specialty of baby chicks. He had different so-called strains of the same breed. For example, we will call them Strain One, Two and Three. These birds were supposed to have been bred by him for many years and each strain originated by him. A man writing in for birds of any one particular strain might get the same birds whether he asked for Strain One, Two or Three. We will call Strain One exhibition, and perchance a bird was a fair show specimen, he was labeled Strain One and so sold. The rest of the birds were possibly of the same parents but lacking in some fine point, were labeled as Strain Two, bred mainly for their laying qualities. The birds, running low, were bought in from little dealers at 75 cents to $1 apiece and sold at from $5 to $50, according to looks.

Forty Dollars For a Bath.

How easily some people may be fooled is well cited in the following. A man, who apparently had considerable money, wanted the best, although he knew absolutely nothing about birds, bought a cockerel from this man at $10. Usually unless a bird was sold for twenty or more dollars, no care was made in his personal appearance for the journey, that is, such as washing, etc. The bird was shipped and immediately an answer came back that the bird was not as good as wanted, and asked how good a bird could be shipped for $50. A visionary bird was described and back came the fifty. The same bird was again taken, washed thoroughly, legs scrubbed and all rough feathers removed, and returned to the buyer. The buyer was highly pleased and the chances are that to this day he does not know that he paid for three express journeys for the same bird and $40 for a first-class grooming.

Baby Chicks Mixed.

I spoke of the specialty that was made of baby chickens. On this same farm was kept a small pen of White Leghorns. mostly for eggs, as the Orpington eggs brought much too good a price to eat. A short supply of eggs was on hand one hatching time, and to fill a machine, a few Leghorn eggs were placed in it. The eggs were hatched in due time and brought in, in a large basket to be sorted. Strain One, Two and Three in one basket of day-old chicks. The stronger looking chicks went at the highest price, we will say $2 each; the next $1; and the cheapest 50 cents. These were to represent the three strains. Occasionally a sport is thrown from any breed and in this particular case a Leghorn was hatched with white legs and as this was the only distinguishing mark at this age and as it was a strong robust bird he was picked as a Strain One bird and so shipped. About four weeks later a letter was received from the buyer stating that the birds all were doing fine, although one of them greatly resembled a Leghorn. It was well known on the farm that this bird was a Leghorn and consequently in this case another bird was sent in its place with a letter supposing to apologize, but the buyer of this lot must have known with what kind of people he had dealt.

Two Brands in One Box.

Another instance which impressed me was that of selling supplies. This farm as most other large poultry farms found more or less profit by uniting with poultry business a small supply business. One commodity sold by this farm was Alfalfa, and in short and long cut lengths. A catalogue was published with a few notes on feeding and advised the short cut Alfalfa for one result and the long cut for another. The long cut was sold, we will say, at $2 per 100, and the short at $2.25, when in reality it all came out of the same bin. If you ordered long cut, you got long cut, and if you ordered short cut you got long cut. However, occasionally a man would order a hundred of each and while selling the long cut for short cut was purely a fraud, here came what we might call the joke of the whole business. On an occasion such as this, the man got two bags of long cut with the following explanation: "We have found since our catalogue was printed that experiments with our fowls have shown that the short cut Alfalfa has little or no advantage over the long cut and we have for the last six months been using the long cut exclusively on our farms. We are taking the liberty of sending you 200 pounds of the long cut as you will probably use it in place of both short and long cut. If this is not satisfactory you may return shipment prepaid and we will gladly refund your money. Yours truly————."

Now when the man had paid freight on the shipment one way and to get his money, it would be necessary to pay it again, it was scarcely if ever that a shipment was returned

A Borrower Expelled.

Some little time ago a prominent member, and breeder of Rhode Island Reds was expelled from the American Poultry Association because of fraudulent practices, one of which was that of showing borrowed birds. This breeder now is debarred from entering any show held under the auspices of the association, and to-day that means nearly every show of any size in the country.

Culls Resold.

A prominent and conscientious poultry breeder picked out his cull birds that he would not sell for breeding purposes and shipped to market for slaughter. He got his returns at the pound rate for live fowl. Shortly afterwards one of his customers for breeding birds wrote him that his prices were too high. He could, he said, buy this breeder's birds for half the money. Investigation showed that the "culls" sold by the pound for slaughter had been preserved and sold as the product of this well-known yard for breeding purposes in competition with his selected stock.

Boiled Eggs for Hatching.

One of the meanest fakes in the poultry line is said to have originated with an Onondaga County (New York) man while he was yet in his teens. His later record seems to lend color to the accusation. His business career began with the sale of eggs for breeding purposes. When his own supply ran out, it is said he bought from the neighboring farms to fill orders. But if he was filling an order for Plymouth rocks he knew that the customer would detect his trick when the hatch was made and he found a hatch of mixed chicks. To make detection impossible he dipped the eggs in boiling water and, of course, prevented hatching at all. Of course, the explanation would be that the eggs were damaged in shipment or improper incubation. Thank goodness the trick is rarely reported or suspected.

Jobbing the Orders.

A New England poultry dealer had a small place in the country and a supply store in the city. To read his catalogue one would think he owned at least a township, and everything in the line of a living creature from a baby chick to a Holstein-Friesian cow. He borrowed birds for the poultry shows, and while exhibiting in distant places took orders for the same strain of birds as shown. He also got many orders through the mail, so that customers could satisfy their imagination on the extent and equipment of his breeding farms. Occasionally when a careful selector came in person for inspection, he would actually take the customer to the farm of a prominent breeder and show the birds. On one such occasion, he was detected in the deception by the owner, and was near being assisted off the place. That deal was off. The average farmer in his section of Connecticut breeds a comparatively pure strain of poultry instead of the mongrel found in many farm yards, so that this dealer found it comparatively easy to go out into the country and buy a bird to fill almost any order after it was received. Of course, the catalogue descriptions were mere products of his imagination. In many cases the purchaser would get a fairly good bird; but it was not the strain described in his voluminous catalogue, nor was it as represented his select breeding.

Poultry Systems.

You may read sensational advertisements or write-ups of a system by which profits of $6 to $10 are claimed to be made per hen; and all the secrets of the system are offered you at the price of a book which tells the secrets. The alleged profits may be made by some shrewd advertiser who succeeds in getting fancy prices for birds and eggs as a result of sensational advertising, but most of the wonderful secrets and systems are hot air, and no practical poultryman who has yet patronized them has come forward to say that he realized the great promises of the system. If you learn their art of faking the public, and are willing to adopt the method, you may succeed for a time in making the promised profits; but we find no other secret that promise such results.

CHAPTER IV.

LIVE STOCK FRAUDS.

Papers to Fit Cows.

The substitution of one animal for another is one of the most frequent tricks of unscrupulous breeders and dealers and one of the hardest to detect and prove. Sometimes one registered animal is substituted for another. More often a grade animal is passed off in the name of a registered animal. This would not be such a serious offense, if the object was the use of the animal for its own products, but such stock are usually bought for breeding purposes, and one grade may disturb the accuracy of the club records for years to come, if not for the indefinite future. The registry records are kept by clubs organized by the breeders of the different kinds of live stock. The object of the club is to encourage the breeding of animals for a given purpose, and the proper development of the particular breed in which the club members are interested. They are anxious to preserve the integrity of the records; and the dishonest breeder or dealer who falsely certifies to a record causes the honest members of the club, and especially its management, a great embarrassment.

Selling Imaginary Cows.

A herdsman for a large breeder quit his job and set himself up at Syracuse, N. Y., as a breeders' association, for selling registered live stock. He represented that several well known breeders were members of the association. His advertisements were sent to farm papers generally. They were refused by The Rural New-Yorker because he showed no financial backing to justify the assumption that a farmer would be protected in making him an advance remittance for an order. A farmer from the State of Virginia sent him a remittance of about $1,100 for a shipment of cows. The farmer first inquired carefully about his standing and his connections. He assured the farmer that a brother banker, and several other breeders were associated with him, naming them all. After much delay the cows were shipped. They were, however, held up in the city of Washington, D. C., and several of them were condemned by the health authorities and destroyed. The remainder went through and were refused as not according to the specifications in the contract. In the investigation which followed it developed that the dealer had no such cows in sight at the time of the sale, and the shipment was picked up later. The brother and other breeders denied any connection with him. The farmer was unable to get any adjustment for the condemned and rejected cows. The claim was finally sent to The Rural New-Yorker. An adjustment was promised, but not effected. Finally it was decided to begin criminal prosecution on account of misrepresentation and fraud. When this became known, an attorney representing the dealer, appeared and the case was settled. About the same time another farmer who had sent a remittance and was unable to get stock or money returned caused the arrest of the dealer. The case was then settled. Later still other reports came from farmers who sent money; and it was reported that the dealer could not be located. His scheme evidently was to sell cows by correspondence which existed only in his imagination; and when he got the order to ship such cows as he could pick up, and leave himself a handsome profit; or neglect to ship them at all.

A Famous Cattle Fraud.

One of the most famous cases of substitution and fraud in the transfer of live stock was exposed in the years 1905-7. A man prominent as a breeder and as a State official connected with the Agricultural Department of the State, sold 10 head of registered Jersey cattle to a small farmer in the western part of the State. The farmer received the registry and transfer papers after much delay, but was unable to make the papers check up so as to correspond with the age of the cows. After much correspondence and bickering, a complaint was made to the cattle club of which the breeder was a member. Possibly because the farmer did not make out a strong case no action was taken. The breeder had many friends in the club and possibly their influence helped prevent an inquiry. The complaint was then sent by the farmer to The Rural New-Yorker, and a request was made to have the farmer's difficulty straightened out. The officers of the club promptly promised to do so; but after a delay of some months the Executive Committee met and decided that the club could not take it upon the complaint presented by the farmer, especially since the breeder had presented testimony to refute the farmer's contention. The complaint was then prepared with more care, and definiteness, and at the next meeting of the Executive Committee of the club a committee of three was appointed to investigate the case and report to the club. The committee, however, fell into the hands of the breeder and his friends. The inquiry at the farmer's barn became rather boisterous; and while the committee found that one of the cows did not correspond with the registry papers, no one was held responsible for the substitution. The breeder was lightly criticized for some delays in furnishing the papers, but was practically exonerated from blame.

Then there developed one of the fiercest disputes ever aired in public over a live stock transaction. The Rural New Yorker refused to accept the findings of the committee as final, and plainly told the naked truth about the whole transaction. The breeder was prominent and in a measure popular in the agricultural circles of the State. He had distributed nearly $30,000 a year for ten years in the different counties of the State, and many of the people that he met and the friends that he made felt that he could not be guilty of such a charge. He was closely associated with many of the agricultural workers of the State, and while the boldest and most fearless of these acknowledged their want of confidence in him, others either from prudential or sympathetic motives defended him. Some of them contended that because of the scandal created, the matter should be dropped. No doubt others accepted his flat and positive denial of all the charges, and believed him innocent of the charges against him. The breeder brought libel suits against The Rural New-Yorker for $150,000 alleged damages. When this became public, friends of the paper who up to this time had remained silent, came forward with information which they had in reference to the breeder's transactions. One farmer in Jefferson County, who had sold the same breeder 20 head of grade heifers some time before, went to the Western New York farmer's barn and identified two of his grade heifers in the lot. The breeder's herdsman recognized the same animals. When this evidence was produced the club appointed a member of its Executive Committee to take up the investigation again and probe it to the bottom. They got a man that time who could not be swerved from his one purpose to find the truth no matter where it led. He found not only that grades had been substituted for purebred stock, but that one cow of less breeding had been substituted on the papers of a better bred, but dead cow, and calves had been registered regularly to cows which had been dead and buried for three years. The breeder was expelled from the club, his herd was dropped from the record books, and it was ordered that no other registrations or transfers be made on papers, the accuracy of which depended on his signature and acknowledgment. After two years of agitation this action of the club, together with Governor Hughes' request for his resignation from his State position, closed the incident.

Fake Registry Clubs.

Clubs composed of breeders of cattle, sheep, swine and horses, are organized for the purpose of improving the stock in which the members of the club are interested. They keep a registry of the stock of that breed. When honestly conducted this is a meritorious work. But like all good works, it has many bad imitations. Sometimes the clubs are formed for the special purpose of fleecing the buying public. Some time back one breeder practically formed a club of his own. He bred little stock himself, but had the animals raised on contract by farmers in different sections. He advertised liberally, and when an order came, filled it from some of the farms under contract. The sales were made as registered stock, but, of course, such registry records have no value, and the purchaser probably had just as purebred and just as good stock on his own farm that he would gladly sell for less than half the price paid for these alleged purebred breeding animals.

CHAPTER V.

THE DAIRYMAN'S DANGER.

The Creamery Sharks.

The creamery shark worked the coöperative argument among dairymen. The argument would have been all right if the coöperation began and ended with the dairyman; but really it began and ended with the promoter. The scheme was for a supply house to send agents into a town, and organize a coöperative creamery company, the farmers subscribing for the necessary amount of stock to put up the building and equip it. Of course the agents were interested in making the best sale possible. The farmers had little or no information about necessary details. The agent had it about all his own way. As a result he provided a larger building and more expensive equipment than the number of cows in the neighborhood required; and the cost of what he did supply was outrageously high. The agent cunningly made overtures to one or two leaders in the neighborhoods, by hiring them to drive him around, by a bonus of stock, or by appeals to their vanity in arranging to make them officer of the company. The company was organized on the basis of an eight per cent dividend to the stockholders, and the net returns for the milk to be apportioned among the farmers in proportion to the deliveries of each. The farmers subscribed for the stock and paid for it. The creamery was erected and equipped by the company and turned over to the farmers when the stock was paid for. Then the company agent left. If the farmers had had the experience of building and equipping the creamery themselves they would have been in a position to go on with the work. But having the completed job dropped into their hands, they were practically helpless. Hence they found themselves burdened with a heavy capitalization and no working capital. The first thing they usually did was to borrow money to start with or go in debt for running expenses. They seldom got out from under that debt until the plant was sold, and usually their investment in the stock was a total loss. It was a sample of the benefits of coöperation instituted by the man on the outside, and for his benefit. Farm coöperative societies will be a success only when the farmers themselves organize them and conduct them. The promoter organizes them for his own benefit, and exacts his toll at the start. This starts the company off with a burden that dooms it to ultimate failure.

The Milk Exchange.

The gentlemen of the old New York Milk Exchange turned some of the slickest tricks that were ever worked on any class of producers. The Exchange never handled a quart of milk. It had no function except to say what the price of milk was to be from time to time. They absolutely controlled the situation. When the supply slackened off because of a drought, or because the producers reduced their milkers on account of the ruinous price, the exchange would meet and advance the price. Farmers would then buy more new milkers, and put in an extra carload of feed in the hope of getting out a little ahead at the new price. This would increase the supply, and then the Exchange would meet again and promptly reduce the price. The producers being stocked with extra cows and feed, and probably in debt for one or both, were obliged to go on producing milk at a price less than the cost of production. The trick was worked over and over again, season after season, and always with entire success. But it was the method of contracting for milk at the beginning of the season that really gave the dealers the whip hand in the business. Early each Spring the individual members of the Exchange would go out among the producers and contract with them for their milk to be delivered at the local creamery or shipping station. The price agreed upon was to be the New York Exchange price, less a half or a quarter cent as the case may be. Of course the producers did not know that they were contracting with one of the members of the Exchange, nor that there was any concerted action among them. But when the contract was safely signed and delivered, the dealers went back to New York. They then called a meeting of the Exchange, and solemnly declared what the price should be. So you see the producer had actually contracted to sell his milk for a year for whatever the dealer voluntarily cared to pay for it. They always paid the smallest price that would secure the milk. Producers at times sold as low as 1¼ cent per quart, while consumers in the city paid eight cents for the same milk bottled.

Milk Producers Mulcted.

Following the activity of the creamery sharks, some years back, one of the creamery promoters, backed by a farm paper publisher, carried his peculiar principles of coöperation into New England and applied it to the milk producers who were supplying the Boston market. A company was formed which was to guarantee a fixed and definite price for a definite limit of milk for the Boston market. The price was purposely made high enough to be attractive, but not practical. Then producers were assured that the millennium in the milk business had been reached. The agents circulated among the producers and solicited the sale of stock in the new company. The producer was permitted to subscribe for one $10 share of stock for each cow milked. He must pay a deposit of $2 on each share down in cash at the time he subscribed for the stock. The agent usually got away with the cash. The price of milk being attractive, each producer, of course, provided for the largest number of cows he hoped to keep. When the canvass was all made it was found that they had contracts for much more milk than the Boston market could consume. The agents had collected $18,000 in cash, and claimed that as the producers subscribed for too much milk, the deal could not go through and they were entitled to the $18,000. The promoter's publisher friend said he was legally entitled to the money. The producers never got any of it back.

New York Producers Balked.

During the time the New England milk producers were being worked for $18,000, a still more gigantic scheme was under way with producers who supplied the New York market. It was engineered by the same influences. The territory was organized and, of course, the producers paid the expense of local organization. It was afterwards learned that the publisher in the scheme actually slipped bills into the hands of speakers at the dairymen's meeting as an inducement for injecting a boom for his paper into the discussion. Finally it was announced that a $30,000,000 corporation had been formed to buy the milk and distribute it in New York City. It was claimed that a New York house was to underwrite the stock; and the price of milk to the consumer was fixed. The announcement sent a thrill of joy to the hearts of producers. But it soon developed that as yet there was no company, the 30 million charter not having been filed. The cost of filing that charter would be about $4,000; and the underwriters were not willing even to put up as much as this. The producers were invited to subscribe for the stock, and the promoters evidently expected that the farmers would take enough advance stock to file the charter. The promoters were willing to take the control provided the farmers furnished the necessary cash. At this the producers balked. The committee representing the producers was no doubt acting in good faith. Enthusiasm and anxiety to make the project go no doubt blinded them to features of the scheme that were apparent enough to others. It was an unfortunate experience, because it discouraged the producers from any practical attempt to regulate the milk business in the New York market, and the producers could and should have a voice in the making of prices for the New York market. They have no such voice now.

Carpet Bag Dealers.

A favorite trick of irresponsible milk dealers was to go into the country and contract with producers for a season's supply of milk. The contract was drawn, binding the farmer to supply the milk, and providing that payments be made on the 15th of the following month for deliveries of the preceding month. That is, milk delivered during April was to be paid for May 15, and so on. The first month's bills would be paid for promptly on the day they became due. The second month's would be just a few days late with an apology. After that payments came late. Finally it ran along in the season when two or even three months' milk had been delivered and no check for any of it. Promises would be made from time to time, and excuses made for more delay. When producers began to show signs of trouble, the dealer or his representative whichever it may be on the ground, took an evening ride to a railroad station across country, and when farmers appeared at the creamery next morning with their milk with the expectation of going back with the promised check, they found the creamery closed and the manager gone. Then the producers reckoned up their losses. They aggregated anywhere from $5,000 to $25,000, according to the neighborhood. This trick is not worked out yet. Even as these lines are being written, news comes to the writer's desk that a dealer at Nelson, N. Y., had just done the milk producers there out of $10,000 worth of milk. Strange as it may seem, The Rural New-Yorker had warned farmers two different times of the danger in extending credit to this particular dealer. If a stranger asks credit and is unwilling to give security or show that he is good for the credit asked, don't trust him.

The Three-Minute Churn.

For years small dairymen have been approached by agents selling a churn promised to make butter in three minutes, and double the amount from equal quantity of cream that could be produced by the regular churns. For the most part these were rude affairs arranged to turn paddles rapidly by means of cog wheels worked by a crank, much the same as the fans of a fanning mill for cleaning grain. Of course the rapid motion mixed all the solids of the milk in one mess, including fat and curd. The result was more bulk, but it was not butter. The churn was soon abandoned.

Black Pepsin Frauds.

The black pepsin scheme was an attempt to do by chemical means what the three-minute churn accomplished by mechanical means. The result was practically the same. Ordinary churning is a mechanical separation of the butter fats from the other elements of milk. It can be effected completely only under certain conditions of temperature and mechanical action. The chemical compound acted on all the solids and coagulated them in one mass. Like the three-minute churn it made more bulk; but you had a mixture of cheese and fat which had no commercial value.

CHAPTER VI.

COMMISSION MEN'S TRICKS.

Fly-By-Night Crooks.

There are two varieties of produce swindlers, the fly-by-night and the alleged respectable merchant. Little can be said of the latter—his case can be disposed of briefly. He may have money, own property and stand well in the general business world of his own city, while at the same time his reputation in the country is rotten. He buys produce outright at loading station, but turns it down upon arrival solely because the market declines; on consigned goods he trims sales, cuts down proceeds on "decayed" or "green" stock that was in the best marketable condition when it arrived, and in fact works every conceivable dodge to drop into his coffers money that should rightfully go to the shipper. His honest neighbors who are working hard to build up a lifetime business by giving shippers the very best service possible, know full well the illegitimate methods this particular competitor employs, but they are powerless to speak for fear of having a libel suit on their hands. The mercantile agency cannot give a reliable report on such a dealer; the shipper must get this information from special and confidential sources.

The fly-by-night produce crook is a horse of another color. This knight of the road is an out-and-out thief, pure and simple. It's his business. He knows every trick of the trade from A to Z. He plans his coup with the art of a diplomat, manipulates his steal as if he were pulling off a deal second in importance only to the building of a Panama Canal. He knows before he starts his operations the very date he is to decamp, and when that time arrives, he pockets the roll which should have been distributed among his shippers, folds his tent, and like the Arab, silently steals away betwen two suns. The one great card of the crook is overquoting; therein lies the secret of his success. One time, an old crook, who had operated from the Atlantic to the Pacific, being confronted with the result of his misdeeds, said to the writer.

"Why, my boy, if there weren't so many suckers in the country who want more for their goods than the market price, I couldn't eat."

One notorious produce crook, who finally landed behind the bars, had a clever system which is now employed generally by professional produce thieves. First he would pick out his city. Then he would go there and look over the ground. His first idea was to buy out an old-established, but run-down commission business for a few hundred dollars. His job was easy if the former owner would allow him to continue under the old firm name. Imagine how the shippers would bite upon receiving extreme quotations from an old-established firm. The high quotations brought the goods; but little or no returns were ever made for them. This game has been worked many, many times and in nearly every instance the swindler got away with from $15,000 to $30,000 inside of 30 days.

Failing to find a run-down business to buy cheap, the swindler selects a highly reputable firm name in another line of business to work on. The Jones-Brown Co. may be a large wholesale grocery house in that town. The swindler starts up under the name of "Jones, Brown & Co."—note carefully the insertion of the figure "&" between the words "Brown" and "Company." The swindler then will get out fine stationery on which he will write glowing tales of the firm's honesty and reliability, tell the shippers that he sells direct to the consumer and therefore can get from three to five cents a dozen above the market for eggs, and a proportional advance on other lines of produce, winding up with: "Look us up in Dun's or Bradstreet's." Well, the unsophisticated shipper who looks up "Jones, Brown & Co." will invariably overlook that deceptive "and"; he will close the book with this rating in his mind: "From $150,000 to $200,000, first grade credit." Then, too, if a shipper meets a traveling man or anyone else from that town and asks him, "Do you know Jones-Brown?" The reply nine times out of 10 will be: "Sure, that's the biggest wholesale grocery house in our town."

The swindler has easy sailing. The first few shipments he receives he remits for promptly as a bait. Then he gets the big lots coming. Seldom one of these skin games lasts more than a month, and in almost every case the swindler plans on the last week to get the big money. What goods he disposes of locally he sells for cash at from 25 to 50 per cent below the market price. He wants the money in his hand—no checks—he burns his bridges behind him and wants no telltale endorsements to stare him in the face in a court of justice later. If he is operating in a town of, say, 50,000 inhabitants the bulk of his receipts are reshipped to a friend or confederate in one of the larger cities like Chicago, New York or Philadelphia. He disposes of them in double-quick time for cash. Sometimes this confederate is an alleged reputable dealer, such as is described further on in this narrative; other times he is a brother crook who is stopping in the central market for the occasion. The bill of lading is sent direct to him and he goes out on the street, represents himself to be a shipper from some far distant place, and sells the stock to reputable concerns who have no idea they are dealing with a crook. When things are getting too hot for the main crook at the shipping point, he gets everything on wheels he can, saunters down to the station as if he were taking an evening stroll, steps aboard as the train is pulling out, and that burg sees him no more. His grip and clothes are left at the hotel just as if he were coming back; his stenographer and salesman, both of whom he had to employ in order to keep up the bluff, appear for work as usual the next day, but as the hours drag by and the irate shippers begin arriving in town looking for their money, they finally awake to the realization that their boss was a crook and they with their countrymen are his dupes. While they are lamenting over their losses, the crook and his pal are securely ensconced in a couple of huge cushioned chairs of a palatial hotel in a distant city, dividing the spoils, congratulating themselves on their late success and planning their next steal.

This is not conjecture; nor is it exaggerated one iota. The writer knows of dozens of cases of this kind. "Birds of a feather flock together" and this system of swindling is the one most in use among produce crooks to-day. They learn from each other. And to say that they clean up from $15,000 to $30,000 on an average successful deal is but stating what actually has been done.

A few years ago one of these professional crooks, residing in Chicago, went to Minneapolis with a view of "pulling off a deal." He took two confederates with him. Before he left

Chicago he arranged with a so-called reputable concern to handle his stock. Arriving in Minneapolis the three thieves started out separately to look for a location. As one of his aides confessed later, when they went out to find a storeroom the boss crook cautioned them to be sure to find a store with a back door. Such a precaution is obvious. In an interior town in Minnesota a well-known creamery is located. The crook in Minneapolis took this concern's name and on his letterhead printed the words "Branch Office." Such stationery going into the shipping districts of the Northwest where the reputable creamery company had been in operation for years naturally led the shippers to believe that they were doing business with a branch of the genuine concern, and the additional bait of high prices offered brought the stock in car lots. As fast as the shipments were received they were reconsigned to the "fence" in Chicago. It was a three weeks' job, during which time the crooks got away with about $25,000 worth of butter and eggs.

The produce crook always starts in business with a bank account. He deposits as much cash as he can get hold of in order to get the recommendation of the bankers. The amount deposited in such cases varies between $2,000 and $5,000. Of course, this is checked out inside of a week or two, the crook himself drawing most of it. Maybe $1,000 of it is used to pay for the first shipments. After this is gone the crook continues sending out checks with no money in the bank. It requires five to ten days for these worthless checks to arrive back to the shipper stamped "no funds," hence the worthless check scheme is a valuable asset to the fraudulent dealer. It gives him time to prolong his stay without danger, Then, too, should he get caught he can make a strong defense on the grounds that he fully expected to have funds in the bank to cover the checks he issued, but was disappointed. Issuing checks against an overdrawn account is not criminal, according to law, but paying out checks drawn on a bank in which the payer has never had an account comes under the head of obtaining goods under false pretenses.

The produce crook now often buys outright. This avoids criminal prosecution. Failure to pay is merely a "breach of trust." Hence if live hens are selling at 12 cents in the city the crook sends out a card like this: "We are paying this week 14 cents a pound for live hens f. o. b. your station, coops returned free. Ship us all you have." Should the crook have asked for consignments and quoted the market at 14 cents, then failed to make returns, he could be sent to jail for conversion of funds, because as a commission merchant he acted as the shippers' agent. If prosecuted, there is only one way a crook can avoid jail for failing to return on consigned goods, and that is by prevailing upon his creditors to accept his notes.

A New York crook worked a produce deal in Baltimore, Md., some time back. By quoting high prices he secured $10,000 worth of goods. He was arrested; but it was discovered that just before the arrest he sent notes payable in 30, 60 and 90 days to every shipper he owed. The shippers by not returning the notes promptly, virtually accepted them, and precluded criminal prosecution. The notes were worthless but he went free.

Overquoting the market is the one dazzling bait which the fly-by-night swindlers throw out to the shippers. There is really no excuse for a farmer being robbed by one of these fraudulent operators. Of course, their stories are always plausible. They are past masters in the art of turning out convincing literature. It is their business; they make it a constant study, therefore their arguments always "listen" well on paper.

The farmer and shipper must always beware of the stranger who offers more than produce is worth, and never under any circumstances to part with the goods until the cash or established credit is furnished, checks should be accepted only when certified.

Condemned Produce.

The arbitrary power to condemn produce considered unfit for food has led to serious abuses by inspectors. They may work in collusion with commission men or independently. Cases have been noted where dressed meats or poultry were condemned, carted to various "fences," and later sold in other parts of the market. The same has happened with potatoes and other produce. Of course, the shipper loses everything in such cases, and may be told to be thankful to escape without a fine. Most inspectors of this sort eventually get into trouble and may be discharged or imprisoned, but the opportunity for graft both in seizing good goods and letting rotten eggs, etc., pass, is so great that in large markets there is always some of it going on.

Stealing a Shipper.

This is a trick played by one commission man on another, but the shipper who is stolen usually suffers. His name is got from the package or by traveling solicitors, and great inducements for shipping to the new concern are offered. The first consignment generally brings a substantial bonus as a bait, and the producer feels that his former agent has been swindling him. Later developments vary according to the character of the goods and the opportunities, but perhaps the worst result is the killing of a profitable trade in some specialty developed by the shipper and his former commission man. The new man, lacking experience in the specialty, gets loaded down with the goods, and cuts prices. Former customers learn of it, and when the old agent, who gets the next shipment, tries to sell it he finds that the buyers will not pay the former price. This kind of struggle, in which the shipper is metaphorically torn in pieces, is constantly going on, and he eventually sees the wisdom of sticking steadily to the commission man who has helped develop his trade and make his brand valuable. A brand that has required a year or two to develop in value may be crippled by a day or two of misuse.

Cartage Abuses.

In some markets cartage and produce handling are dominated by labor unions, who compel the commission man to charge a certain scale of rates to the shipper, demanding access to his books to see that this is done. But many sales are made in which no cartage should be charged, the goods being taken by the buyer from car or dock with no concession as to handling expense. Under such conditions, of course the honest man does not put a cartage item on the account of sales sent the shipper. The other kind does.

Not Found.

In a large number of cases investigated the man who has been receiving country products cannot be found. Sometimes he makes arrangements with a barber, laundryman or other small tradesman to receive express packages. The tradesman may, or may not, be in collusion with the crook. He never knows anything about it except that he was asked to receive a few packages as an accommodation to a stranger. This crook works rapidly, aiming to have a new location and business name before complaints reach the post office or city authorities.

Arrived in Bad Order.

This excuse is as old as the commission business. When eggs are broken or other goods damaged seriously, claims may be filed against the transportation company. But there is no redress for slight damage caused by time and ordinary handling, even though this makes a material difference in selling price. The strictly honest man may have to report bad condition. The rogue knowing this makes it a general excuse and doubles his income by a systematic robbery of the shipper. We found one Brooklyn (N. Y.) concern, which made a systematic practice of charging off 15 to 20 per cent. for broken eggs. Apparently no shipment escaped.

Unsigned or Missent Checks.

Commission men short of money or getting ready to make what is known as a "clear-up," make out checks, and either neglect to sign them or misdirect them as a means of gaining time. Any man may neglect to sign a check or put it in the wrong letter, so they do a judicious job of mixing, and, when the checks come back, very much regret the error, unless they have already skipped beyond reach of regrets.

No Commission.

Some produce dealers guarantee to sell goods at top market price and charge no commission. This is absurd. They will get the full amount of commission, usually more, by claiming short weight or pocketing part of the selling price.

Polite Stealing.

In the daily produce market there is, of course, a fairly uniform price for goods of a given grade. Sometimes a commission merchant sells a consignment of goods a little above this price. Sometimes a little below. Some of these merchants make a practice of putting the difference between the selling and the market price into their own pockets when the sale is above the market. We have never found one who made up the difference between the market and the selling price when the sale was below the market, yet some of these merchants openly justify the practice on the theory that the higher price was secured because of their greater facility or skill in salesmanship. They never admit, however, that the sale below the market was due to their lack of facilities or lack of skill in making the sale. The commission man is entitled to his commission for selling consigned goods. He has no other right in them. Of course, the charges for transportation and cartage and storage when needed are legitimate charges, but every cent of the selling price beyond these legitimate charges should be returned to the shipper and any other practice is a polite way of stealing.

Shifting Labels.

During heavy shipping seasons there is considerable complaint that labels are shifted from one package to another on goods sent to the produce market. By this shifting your shipments may go to another commission house unknown to you and the other fellow's shipment, containing your label, would go to your commission house. Of course you would be surprised and disgusted with the low returns but the concern actually getting your goods would be able to retain a good part of the sales and still make a return to his shipper. It is thought that sometimes this shifting of labels is done in collusion with the railroad or express employees.

An Egg Within an Egg.

A commission house which handles eggs exclusively has a side company under the same control which buys the consigned eggs in mixed lots, and assorts them into fancy lots and other grades. A handsome profit is made in marketing the graded goods. The commission man simply buys your goods from himself and after sorting them, sells them to the retail trade. He may charge himself the regular market price for your shipment as it is; but the temptation is to buy as cheap as possible. Aside from the ethics of the commission man, the experience is a big argument for egg producers to co-operate with each other; grade their eggs and demand the price of fancy, fresh and other grades as shipped.

Live Poultry Short Weighted.

Sometimes a commission house makes a special drive in a shipping season for live poultry. Circulars and letters go out giving the most encouraging prospect for sales. The shipments come back, and the returns go back in time, but always from 10 to 25 per cent. short weight. The excuse given is that live poultry shrinks in weight in shipment, which of course, is true enough to a degree, but to no such extent as indicated by the returns. The Boston market has furnished some conspicuous instances of this swindle. One house in the Fall of 1910 made a practice apparently of returning short for every shipment. In one neighborhood the shippers combined, hired a lawyer, and brought suit. They got a verdict, but the ordinary shipper takes his loss. He has no redress.

Transportation Losses.

From the nature of some complaints the conclusion is inevitable that men handling express packages in transportation, often break open the packages and help themselves to the proceeds, and at other times simply appropriate the whole package. When records are properly kept of the shipment the transportation company can always be forced to settle for such losses.

Car Consignment.

A frequent trick of produce commission houses is to send an agent into a shipping district and promise a definite advance on carload shipments. The agent will make out the draft on his house and also the bill of lading, both of which will go through your local bank, the draft to be paid on arrival of goods. The car will be assigned direct to the commission house. When the car, arrives, you get a wire message to reduce the amount of the draft, because of falling market or damage to shipment and, of course, promising fair treatment. Whether you agree to this or refuse to do so, the car is billed direct to them and the railroad will deliver the shipment to them. There is the "joker" in the transaction worked in by the agent. If you had consigned the car to yourself, the commission house could not get possession of it until it had paid the draft and received the bill of lading.

Doctoring Hay Returns.

A hay shipper insisted on examination of the record of a commission sale of a carload of hay, the returns for which were not satisfactory. He found that the hay sold for $5 more than the returns. The commission man explained that there was an extra $5 charge for use of car or track siding or something of the sort. He thought the shipper would complain if this was charged to him, so simply deducted it from the selling price. As a further excuse for himself he said that was the custom in the trade, and he would be at a disadvantage not to do it. The result may be the same to the shipper, but he is entitled to have the record straight. He ought to know what he is paying for, besides, see what an opportunity for fraud the custom opens up for the dishonest merchant.

Fur Shipper Tricked.

Trappers who ship raw furs to city markets often fall into the hands of sharks. Of course, like all other lines, the majority of fur buying houses are on the square. It is the exception that we consider here. The shipper does not always keep a list of skins shipped, and when he gets returns for less skins that he shipped, he has no way to prove his shipment. But the most frequent cause of complaint is the classification or valuation of the skins. The price of grades is pretty well settled; but the grading is an individual and expert matter. Responsible houses will hold the goods after grading to see if you are satisfied. But the concern that wants your skins at its own price makes out a return to suit themselves, and you have no redress. The only safe way is to keep a list of skins consigned, and then request the house to hold for future orders, after they have graded and priced them to you, and further see that the house you ship to is responsible and reliable. There are people in the trade who will take your orders and your goods and do as they please afterwards. If a concern be financially irresponsible, your directions to them and your list of the shipment will do you precious little good.

CHAPTER VII.

REAL ESTATE GAMES.

Suburban Lots Free.

The free lot scheme has been worked with great success on Long Island, N. Y., a territory rich in land schemes of dubious character. The simplest form of this scheme is to send you a request to accept a free lot in exchange for the use of your name for advertising purposes. Of course, a little vanity tickler goes with it about your prominence and the value of your name as a customer. But before you get through you find that as a condition of getting a lot free, you must buy and pay for another lot. You, of course, pay enough for the one to cover the value of two. In some cases, you find you would have to pay for deed and some improvements that go with the lot. In other cases still you need pay for nothing but the deed and search. This runs all the way from $5 to $21.50. The point is that in any case you must pay some cash; and, if you stop to investigate, you find that the cash paid is a great big price for the lot, and more than you could sell it for if you wanted to dispose of it. The free lot trick is worked mostly with people at a distance. They seldom ever work New York City people for Long Island lots on this scheme. More than a hundred miles out on Long Island, swamps and barren lands have been utilized. The promoters get possession of these lands for about $3 per acre; and make imaginary divisions at the rate of about 15 lots per acre—20 cents a lot. A favorite trick is to go into the country and distant cities and hand a card to every person attending a show, picnic or other gathering. You are to make a guess of the number of people attending the gathering. If you make the best guess, you win a free suburban lot on Long Island. You returned the card with your guess, name and address. The next day you got a letter saying you had won the prize and all you need do was to send $21.50 for preparing deed and title. You got five days to reply, and if you failed to comply, your lot would be given the next best guess. As a matter of fact, every one was told his or her guess was the best. If you bit you got a 20-cent lot for $21.50. During the Winter of 1911, the Federal Government sent two or three of these promoters to the peniteniary for fraudulent use of the mails.

The Advance Fee.

The now famous Ostrander trick was to advertise assurances that he could sell farms or real estate of any kind anywhere. He obliged you to pay an advanced fee. Filing fee he called it. The fee ran from $5 up, according to the value of the property. If you did not bite on his numerous requests, he finally wrote you a long letter, cunningly relating the prospects of selling a property like yours to a customer who wanted just such a property. If you didn't send the fee by return mail, you got a telegram intimating that the chances of making the sale were favorable, if the property be listed at once. It looked like a customer in sight, and many bit. But that was the last heard of the customer or the prospects. It developed that few if any sales had been made, all the effort was devoted to getting the advanced fee. The Rural New-Yorker showed up the game; and that practically ended the scheme.

Duplicating the Swindle.

When the game of getting "listing fees" played out, Mr. Ostrander got some land out in New Jersey, and laid it out in lots. He called them suburban lots. Then he wrote the old victims that he was sorry that he had not been able to sell their farm; but he didn't want them to lose through him, so he would refund the fee. Furthermore, he inclosed an order for the full amount of the fee on his land company to credit the amount on the price of a lot. You see to get your money back you must first buy a lot at his price, and make a cash payment. The order would then be credited on the account. The best estimates we could get for the value of lots sold at $95 each was $15 valuation and no customers for them at that.

The Deposit Clinch.

In the suburbs of larger cities, land promoters buy up a tract of land, and set to work to lay it out in streets, build sidewalks, and start the erection of houses. Everything is stir and bustle, an excursion is planned and advertised, and people of small means are enticed to the place. It is Spring, the country looks good, and mechanics and clerks long for a home in the air and sunshine. They are told how easy it is to own a house, and are induced to pay a deposit on a lot and possibly sign an agreement to make monthly payments. Soon the lots are all sold, and the promoters disappear. The activity stops. The place soon looks like distress. Long Island is full of such lots that have been sold for taxes.

The Flat Speculation.

Farmers are not much concerned in city flat house speculation, but some of the tricks in the trade may prove interesting and instructive to prospective investors. The builders usually buy the lots of speculators who are in a position to furnish a loan. Little, if any, money is paid down by the builder. The building is started promptly and the speculator advances money on the loan as fast as the work progresses. When completed the builder makes a rush to fill the house with tenants. A new house usually rents well the first year. The builder establishes a high schedule of rentals; and the new tenants are induced to take the lease for a year by being allowed one, two, three or more months rent free to start with. The value of the house is then figured on the basis of the rentals, and buyers for investment are led to believe that the tenants are paying the rental schedule. Sometimes it is represented that the apartments are all full when as a matter of fact there may be several vacancies. To give the vacant places the appearance of habitation, milk bottles or something of the sort are set out in view of the buyer. The deal is closed and title passed to the buyer. The next month he attempts to collect his rents and finds that several of the tenants move out, to get several more free months rent in another new house. Others have a private agreement to pay less rent that the lease specifies. The buyer is obliged to establish a lower schedule of rents to hold tenants. This means less value for the house, and he realizes that he was stuck in the deal. These speculative houses are put up in the cheapest form possible. Some of them actually fall down in the course of construction. The owner has, of course, a constant expense to keep them in repair. They are not an attractive form of investment unless you are on the ground and in the business regularly.

Trading City Houses for Farms.

You can trade a farm free and clear any time for equities in city property. That is, for city property with a mortgage. The city man will trade on this basis. You ask $10,000 for your farm. You might take $500 or $1,000 less. The city house is valued at $35,000. He would take $30,000. It is mortgaged for $25,000, so his equity is not more than $5,000. Now he finds out how much cash he can borrow on your farm. He can borrow $5,000. So he offers to trade even, his house being subject to the $35,000 mortgage your farm free and clear. He gets his mortgage on the farm; and this gives him his price for the city house in cash, and the equity in the farm for nothing. You have sold your farm for half its value; and bought a house for probably more than an experienced investor would pay for it.

The City Farm Buyer.

The city clerk who wants to buy a farm to raise chickens or boys and girls for that matter has need of open eyes also. One successful trick on them is to induce them to visit the farm to be sold by an agent. He looks it over, and hears all about the profits to be made, and the delights and independence of farm life, and its noble calling. The price, of course, is mentioned and he is told the cost of his trip will be paid, if he closes the bargain to-day. The trip cost $20 to $25 and this looks like a saving, so the bargain is closed. When he gets acquainted with the neighborhood, he learns that he paid anywhere from 50 to 100 per cent. more than the farm was worth.

The Agent's Contract.

Owners of farms should be careful in placing farm property with agents for sale to reserve the right to sell himself or through other agents without paying a commission to the agent in question. One New York agency presents a contract that entitles them to collect the commission if you sell to a neighbor or through another agent. They may not always be able to enforce it, but they can make a lot of trouble. The same agency also provides that all they sell the property for above your price goes to them as extra commissions. This gives them an inducement to swindle the buyer, and it also gives the owner the appearance of collusion in the swindle without any share in it. In a recent case in Pennsylvania a farm was sold for $6,800. On the day of settlement a cash payment was made and a first mortgage given the late owner, the cash and mortgage amounting to $6,000. A second mortgage for $800 was taken over by the agent. The buyer did not realize the significance at once; but as he thought of the circumstance, he became convinced that the agent got a fee of $800, while the regular fee should not exceed $300. He made inquiry of the late owner and confirmed his suspicions. An attempt was made to secure an adjustment, but it failed. The agent held that he had a right to the $800 under his contract with the seller, and, of course, the buyer was induced to agree to the $6,800 price. No doubt the agent made his contract within the law and the buyer had no legal redress. He, however, reported the circumstance with the evidence to The Rural New-Yorker. It was taken up with the agent, and he admitted the circumstance, but contended that the second mortgage was not worth its face value. The case was then adjusted by the payment of $300 for the mortgage, and the buyer saved his five hundred, but in the ordinary case the second mortgage would stand until paid in full.

Defective Bonds.

The real estate fakes will not be complete without reference to the speculative real estate companies. A corporation is formed with say authorized capital of $100,000. A house may be bought by the officers individually for $100,000 with mortgage of $80,000, leaving an equity of $20,000. Then the property is appraised for $180,000, and the stock is all exchanged for the alleged $100,000 equity in the house. The company has an actual asset of $20,000, if they did not pay too much for the house, and the officers own all the stock. When the officers are real smart and entirely unscrupulous they manipulate so that the stock actually costs them nothing. Now they get up circulars and advertisements telling of the great profits to be made in real estate and the wonderful facilities they have for making the money. At the same time an issue of "Guaranteed Gold Bonds" is authorized. They are handsomely engraved in two or more colors of ink, and bear great seals; and you are told they are based on real estate values, the most staple form of property in the world. Note the word "based." Of course, you are expected to conclude they are notes secured by mortgages on real estate. They are nothing of the kind. They are simple notes of the company. Just as you had written "promise to pay" is your note or bond. It is a promise of the company to pay, and nothing more. They sell say $10,000 of these notes, and buy another $60,000 house, with a $50,000 mortgage. Of course, the expense of buying and selling the property, the expense of advertising and selling the bonds or notes, the salaries, office rents, etc., all come out of the proceeds of the bonds. Then besides there is every opportunity for trickery. For example the officers may buy property through a dummy, and sell it at a big profit to the company, or they may take contracts for the improvement of the property. In any event, they borrow your money without any security whatever to speculate with. If they are honest and win, you get interest on your money, and take all the risk. If they fail for any cause, you lose. If they are dishonest you are helpless.

Defective Land Titles.

A northern man bought a farm in Florida. Before he had been on it a year, his title was disputed. A neighbor claimed part of the farm. He proposed to fight for his rights in the courts; but soon discovered that there was no general State survey of his section of the State and titles and surveys frequently lapped over one another. Of course, the seller gave a guarantee title, but a guarantee is no good when the party making it is not responsible. To fight such disputes through the courts is rather expensive business for a farmer.

A western man bought a farm in Texas from a speculating company and paid for it. Later he found that a strip of school land ran through it from side to side, and of course, his acreage was short the area of the school land. He was unable to get any redress without suit; and there was some doubt of his being able to realize on a judgment after he secured it.

In Cuba many titles are defective. There is no general survey, and surveys frequently lap on one another. The promoting companies there do not in many cases even go through the form of taking title themselves. They just take an option on a tract, and then sell small tracts on the strength of this option.

When making a contract to buy land, always employ an attorney; and have him examine the title, and see that the deed is properly prepared. The fees of an attorney are trifling compared with the risk you take in buying real estate without taking precaution to see that the records are right and the title clear.

Commercial Orchard.

It has become quite a popular custom for land promoters in the Southwest, in California and in irrigation districts of the Northwest to buy up a large tract of land and sell small acreages on the installment plan, contracting to clear and plant the land and turn it over at the end of five years or so, bearing full crops and making big profits. Usually the scheme is entirely speculative. The land is heavily mortgaged, and the success of the company depends entirely on their success in marketing the land. The mortgagees usually control the property, and all payments made by purchases go through banks controlled by them. In California they usually promise to plant grapes; in the South bananas and rubber trees; in Washington irrigated lands, an apple orchard is promised. Usually the company goes broke before the maturity of the contract, and before you have received your deed to the property, so you have nothing for your money except a contract with a bankrupt company. We have never known an enterprise of the kind to turn out successfully.

CHAPTER VIII.

WALL STREET AND ITS METHODS.

Marginal Gambling.

For over a quarter of a century the words, "Wall Street" and "Wall Street Investments" have been surrounded with a golden halo before the eyes of the great mass of the people, and upon the ears of many the words have fallen with delightful richness. The less the knowledge of the real meaning of the words, the greater the halo and the more the delightful the sound. Their effect has been greatest upon the possessors of small savings bank accounts, hoarded with more or less deprivation and even suffering, and upon those persons who had inherited money which furnished perhaps an income sufficient to meet the ordinary wants of life, but which permitted none of the luxuries they saw others enjoying. These persons of moderate means had been reading daily of the fortunes accumulated in Wall street by men and even women who started with little, and in time "Wall Street" and "money" and "wealth" came to have a synonymous meaning. They came to feel that money entrusted to a Wall Street broker seldom failed to grow into a fortune and were thus in a receptive state of mind which required but little inducement to entice their savings from the bank or the hidden places of deposit in the home.

In most cases these persons are not able to buy or do not care to buy the stocks and bonds that brokers sell outright, because the income from them would be little more than the interest paid by the savings banks, and not so safe by far. Not only the men and women of moderate wealth, but the wealthier ones as well, felt that they could not realize their dreams of riches quickly by means of legitimate investment, for if they were able to employ the capital necessary for such investments, they knew that they might as well buy real estate or something more tangible than stocks and bonds.

Marginal gambling, which to-day overshadows real investments in the brokerage offices of the country, appeals to one because of the very simplicity of the scheme, and because in the minds of many it is held to be the key to success in Wall Street. Its power for harm lies in this very simplicity. Perhaps you have received information, or have other reason to believe, that a certain stock or commodity is to advance in price. If you have only a few hundred dollars, or even thousands, you are unable to buy enough of the stock or commodity to make a considerable profit if the rise does come. You go to the broker and he agrees to buy 100 shares of the stock you fancy upon a deposit of $1,000, or what he calls a margin of 10 per cent. If the stock declines instead of rises you must pay additional deposit to keep your margin at 10 per cent. The broker charges your account with interest on the other $9,000 he must furnish to complete the purchase of your $10,000 of stock, and you must also pay the usual broker's commission on both the purchase and sale of your stock. This commission is fixed by the New York Stock Exchange at one-eighth of one per cent.

Your broker goes upon the floor of the exchange with your order for stock of a market value of $10,000. He meets a fellow broker with these 100 shares to sell, and gives his check for the stock certificates. The broker holds these certificates as security for the $9,000 he has advanced, but it is likely that he, too, does not care or is unable to tie up a great amount of money, so he deposits the stock bought for your account as collateral for a loan from the bank upon his note. Thus the actual outlay of money comes from the banker. In the words of Wall Street, you are "long" since you have bought ten times as much as your capital warrants. The broker's margin of security is the $1,000 you have deposited, while the price you pay for the facility of speculating to ten times the extent of your capital is the broker's charge for interest and commission. If the shares advance $10 in price you may decide to sell, and the broker who buys them gives his check for $11,000, which enables your broker to pay his indebtedness at the bank and deliver the certificates to the purchaser. You receive your original $1,000, and profits of $1,000, less the small charge for interest and commissions. But this is an ideal case. Perhaps the stock declines, and you are unable to furnish the additional margin. When the decline has consumed all your deposit, including the broker's charges, he sells your stock to another broker, who pays the depreciated price and if there is not enough on deposit to balance your account with your broker, you will get a bill for the difference. In the case of the average speculator who acts blindly, this experience happens more frequently than the other. Marginal trading is only betting against the rise and fall of the market, and many States have laws which include this practice in the classification of wagering upon games of chance.

The Bucket Shop.

Based upon the scheme of marginal trading is bucket-shopping, one of the great evils that have sprung from speculation in Wall Street. Many States have recognized it for what it is, and have passed laws prohibiting bucket shops. The Federal Government has taken a hand in a country-wide crusade against the great chain of bucket-shops, and the Department of Justice announced not long ago that all the big bucket shops east of Denver had been eliminated through prosecution for fraudulent use of the mails. The war against them suffered a setback recently when the anti-bucket-shop law in the District of Columbia was declared unconstitutional by the Supreme Court of the District, and many old bucket-shop men have taken heart and are setting up in business in an inconspicuous way by calling themselves bankers and brokers and soliciting the money of unsuspecting persons for alleged legitimate speculation. Bucket shops are still a real menace, although conducted less ostentatiously than in former years, and an understanding of their methods will enable investors to guard against bucket-shopping in whatever guise it appears. It has been over 30 years since some genius decided that the transactions on the legitimate exchanges could be counterfeited with ease, since the counterfeiters could use the quotations established by the regular exchanges, which are distributed by the telegraph companies to anyone who pays for them. The bucket-shop keepers interested the small investors chiefly through promises of quick action, through waiving interest upon balances, and charging small commissions and requiring narrower margins than legitimate brokers. One of their irresistible inducements has been their offer to accept orders for fractional lots, such as five or ten shares of stock, as many bales of cotton, or a few bushels of grain. The legitimate exchanges require transactions in fixed units or multiples thereof, 100 shares of stock, 10,000 bushels of grain, and 100 bales of cotton being the minimum. By making it possible for you to speculate in fractional lots, the bucket shop keeper could find an excuse for taking even a $5 or $10 bill for a trade.

The chief difference between the regular broker with whom you are speculating on margin, and the bucket-shop keeper, is that the broker hopes that you will win, while the bucket-shop man is betting that you won't and doing all he can to prevent you from winning. The legitimate broker who has bought your stock as he agreed to do, will benefit through your profits, because successful speculations for you mean more commissions for him. He stands to lose nothing if you win, and your peril lies in being caught in the warfare between the "bulls," who are seeking to boost prices, and the "bears," who are trying to depress them. The bucket-shop keeper never buys or sells anything for his clients' accounts. He bets his money against yours that the market will go against you, and while he may permit you to win for a time in order to induce you to risk greater sums through over-confidence, you are sure to lose in the end. Whatever you win comes out of the pocket of the bucket-shop man, so he is far from disinterested in your trades, as is the honest broker.

A Typical Example.

One of the great bucket-shop firms, the Haight & Freese Company, which had elaborate offices in New York and Philadelphia five years ago, was sued by a customer who had been duped, and the firm's bookkeeper and cashier were called into court to tell how the swindle was worked. The customer had been told that his margins in stock transactions might be as small as three per cent., in grain trades, three cents a bushel, and in cotton, $1 a bale. The clerk testified that as the orders were wired into the company's office they were marked on either buy or sell slips, as the case might be, and the order was at once marked filled at the next quotation price that came into the office over the quotation wire. No stock was ever bought or sold, and the only effort involved in carrying out the customer's order was that of the clerk who picked up a "buy" or "sell" slip and marked on it the quotations.

The customer had seen the firm's advertisements soliciting correspondence and offering to send a "guide for investors" and "daily market letter" on request. He knew nothing about financial speculations, but he had a small sum saved that he wanted to double many times for the benefit of his family. The literature the company sent him told him, as it always does, that if he wanted to get in on a boom market he must send his money quickly. He took $150 first and gave a man in the office power of attorney to operate in his behalf. The man told him he ought to turn in every cent he could command in order to take advantage of the unusual situation, and he raised $1,700 and handed it over. Soon he had $2,500 due him, but bucket-shop customers never quit when they are ahead, and neither did this man. Then the market began to fall, as the swindlers knew it would, and the outcome was that the man gave his note for $2,000 and raised $1,500 more by a mortgage on his house. He got the note back, but it was of no use to him, and was only returned because bucket-shop men do not bask in the sunlight of the courts when they can help it.

In the case of this man and all the others who trust their money to brokers who permit them to speculate in fractional lots on margin, the bucket-shop men knew they couldn't lose, because the trades were so narrowly margined that the least fluctuation of the market would wipe the customer out, whereas a wider margin might have made him the winner on the next turn of the market. Furthermore, the customer was prevented by the stipulations on the reverse side of his order slips from demanding an accounting. Thus he could be compelled to stay in until any accidental profit that had accumulated had been wiped out and the bucket shop man had won his bet. In the palmy days of the Haight & Freese Company the firm made $40,000 a year in the Philadelphia office alone out of interest on pretended advances for the accounts of customers that were never advanced, and $100,000 in commissions.

The Owner Hard to Find.

The real heads of all these bucket shops have all been inconspicuous workers in a vineyard operated under the name of mere clerks or partnerships whose actual members were difficult to find when there was trouble brewing. For instance, the chief operator of the Haight & Freese Company swindle in its latter days was George G. Turner. The firm had been started in 1890 by Friend C. Haight and William Freese, who were members of the Consolidated Stock Exchange of New York for a time. Finally they were expelled, and Freese retired and went to London to spend his fortune. Then Turner and William H. Lillis took it and incorporated the concern at $300,000 and Freese went with them as a clerk. In its advertisements great stress was laid on the statement that the company had been in business continuously for twenty years. The company got along nicely until 1905 when a customer who couldn't get an accounting any other way sued for it. Then the facts came out, and Turner and his partner, realizing that the name of the firm was no longer an asset, were glad to turn such assets as they couldn't carry away over to a receiver. When the receiver turned in his final report four years later he described the company as "the largest bucket shop swindling concern in the country." Turner and Lillis lost no time starting up under another name, and the next year found them the silent partners of John A. Boardman & Co., with its headquarters in Philadelphia and branches in New York and elsewhere. The Boardman of the firm had been a clerk for Haight & Freese, and was bribed with a job to lend his name to the new firm. One branch of the business was accepting marginal trades from customers on the outcome of horse races. Boardman & Co. was shut up by the police in New York in August, 1906, at a time when Turner and Lillis had not been able to conceal for a longer period their connection with the company. With Boardman & Co. closed up, the notorious firm of M. J. Sage & Co., having its main office in Jersey City, felt obliged to go to the wall. During the summer of 1906 there had been a protracted "bull market" and customers of the bucket shops made profits in spite of the swindlers. The Sage of the firm was only a clerk, and the money was supplied by the late Al. Adams, once described by a judge as "the meanest man of New York," who made millions out of the poor of New York through the "policy" game. Just before the "bull market" came on the firm opened 200 branch offices in the South to encourage speculation chiefly in cotton, but Al. Adams grew tired betting against the rising market and withdrew. The firm had just made arrangements with Turner and Lillis to supply the necessary money and take over the business, when the police shut up Boardman & Co., and M. J. Sage & Co. failed.

Use of Mails to Defraud.

The big bucket-shop men could not stay long out of the business, and with a law in New York State prohibiting bucket-shopping, but with no provision as to the officials responsible for seeing that the law was obeyed, they found the metropolis still a fruitful field and a comparatively safe place in which to operate. Finally the Government Department of Justice decided to act on the ground that the bucket shops were using the mails to defraud. On Saturday morning, April 2, 1910, at the hour when things are flourishing most in a broker's office, the greatest raid on bucket shops ever conducted was made. It was country-wide, and raids were made simultaneously in New York, Philadelphia, Jersey City, Baltimore, Cincinnati and St. Louis. In some cases the raiders found empty offices because a tip had gone out ahead of them. On thirty warrants the Government officers had the names of the leading bucket shop proprietors of the country, all members or correspondents of the three remaining big bucket shop firms in the country. The firms were E. S. Boggs & Co., of New York; W. B. Price & Co., of Baltimore, and the Standard Stock and Grain Dealers of Jersey City. Many of the leading members of these firms were found in Philadelphia on the floor of the Consolidated Stock Exchange. The "exchange" was closed up, and Marshall F. Parrish, its reputed head, was arrested with the others. The closing up of the Consolidated Stock Exchange was far from the least important feature of the raid. This alleged stock exchange made it possible for its members to defy the law.

A Fake Exchange.

During the days after the Haight & Freese Company was expelled from the Consolidated Exchange of New York, the company had difficulty defending suits brought by customers, because it was hard for the company to prove that it had really executed the orders. Finally the heads of the firm conferred with other bucket shoppers and they decided to establish their own exchange. To the uninitiated this had the appearance of a real exchange on which prices were made and actual stocks and commodities dealt in, but in reality the only prices listed on the Consolidated of Philadelphia were sent there over the "Marrin private wire," which had been established to furnish the regular New York Stock Exchange quotations faster than they were delivered by the ordinary telegraph service or the ticker. From this false "exchange" the operations of the big bucket shops of the country were directed. Here the raiders found George G. Turner. The wires leading to the offices of the three big firms in Philadelphia adjacent to the "exchange" had been tapped before the raid by the government agents, and they learned that Boggs & Co., Turner's concern, had been doing a business of from 20,000 to 50,000 shares a day, mostly in 10-share lots, and that not more than 20 actual orders had been sent to the fake "exchange." They learned that the fast "Marrin wire" beat the regular telegraph wires in reporting the New York transactions 15 minutes, and the bucket shop men thus knew the official prices 15 minutes before their customers.

The Standard Stock and Grain Dealers of Jersey City was raided at the same time, and Louis A. Cella and his brother Angelo were placed under arrest. At that time the Government agents furnished the following interesting description of the Consolidated Exchange:

"This concern was chartered under the laws of Pennsylvania in 1902. Originally the real object of the exchange was for the purpose of furnishing and making a fictitious market for the stocks of certain visionary mining companies. Among the original members were William H. McNutt, J. B. Kellogg, Larry Summerfield and J. Huntington Davis, notorious swindlers and confidence men, three of whom are now serving terms in the penitentiary. Later the control of the exchange passed into the hands of the notorious bucket shop concern, Haight & Freese, and is now controlled by Boggs & Co. The exchange is now located at 442 Walnut street. It occupies a room perhaps 20 by 30 feet. There are three telephone booths on the floor of the exchange, and connections for four telegraph instruments. The average attendance of brokers on the floor during trading hours is from eight to ten. Each of these men represents a large bucket shop, and they are supposed to trade in upwards of 300,000 shares a day, 90 per cent. of the trading being done in 10-share lots. During trading hours, in contrast to the noisy condition prevailing on the floor of a legitimate stock exchange, profound quiet reigns on the floor of the Consolidated Stock Exchange of Philadelphia. The trading, or alleged trading, is done in ordinary conversational tones, during a lull in the usual game of pinochle. When a stranger enters the room the pinochle deck is thrown down, telegraph instruments begin to click and the brokers shout loudly across the room to one another."

Some pleaded guilty and were fined, jail sentence was also imposed but suspended. Others fought the indictments on the ground that the law was unconstitutional and the court of the District of Columbia upheld this contention. Although this gave a setback to the bucket shop fight by the Department of Justice, it still left the Government agents able to prosecute the swindlers for fraudulent use of the mails.

Orders for securities should be placed only with brokers connected with legitimate and established exchanges. Following is a list of the leading exchanges of the country where the record of prices actually originate and actual transactions are made:

New York—New York Stock Exchange, Produce Exchange, Cotton Exchange, Consolidated Stock Exchange. Chicago—Stock Exchange, Board of Trade. Boston—Chamber of Commerce, Stock Exchange, Fruit and Produce Exchange. Baltimore—Stock Exchange, Chamber of Commerce. Philadelphia—Stock Exchange, Commercial Exchange. Minneapolis—Chamber of Commerce. St. Louis—Stock Exchange, Merchants' Exchange. New Orleans—Board of Trade, Cotton Exchange. Kansas City—Board of Trade. Toledo—Produce Exchange. Buffalo—Corn Exchange of the Chamber of Commerce. Cincinnati—Chamber of Commerce and Merchants' Exchange. San Francisco—Merchants' Exchange. Duluth—Board of Trade. Detroit—Board of Trade. Pittsburgh—Stock Exchange. Cleveland—Stock Exchange. Omaha—Stock Exchange. The exchanges in Canada are the Winnipeg Grain Exchange, Toronto Board of Trade and Montreal Chamber of Commerce. There may be other regular exchanges both in the United States and

Canada, not mentioned in the above list, but it will not be difficult for anyone interested to determine whether or not they are genuine.

It must be evident from the above that speculation in Wall Street by means of marginal trades is a hazardous undertaking even when conducted through reliable brokers. When in the hands of unscrupulous bucket shop men or crooked brokers, the investor has absolutely no chance at all. The man who foregoes speculation and buys and pays for stable stock, through an honest brokerage house, will make only a legitimate profit, but the danger of loss will be reduced to a minimum.

Bulls and Bears.

A "bull" is a speculator who is convinced that a certain stock is going higher, or that the market is rising. He lays in as large a quantity of the stock as he can handle, and consequently he is "long" of the stock, and if for any reason the market "falls" and the price drops, he is likely to be "squeezed," and if he hasn't enough capital of his own and is playing the market on borrowed capital, he will be "closed out."

The "bear" is a speculator who believes that the stock is going down and consequently wants to take advantage of the high prices to sell to the "bulls." Although in rare cases he may be actually delivering his own stock to the purchaser, if a speculator, it is likely that he has borrowed stocks for use in the transactions, by loaning the equivalent to the owner, under the belief that the market will drop, that the "bulls" will be wiped out, and that he will not be required to deliver the stock. The bull "realizes" when he decides that it is doubtful whether the price will go higher, and sells his stock and takes his profits; sometimes it is a loss. The bear "covers" when he decides that perhaps after all the price will not drop, and buys "on the market," or at the price then demanded, the shares he has contracted to sell.

Puts and Calls.

"Puts" are contracts sold at a fixed percentage by capitalists to bull speculators, and under these contracts the capitalists undertake to pay a specified price for a certain amount of stock within a certain time. By having these contracts the bull speculator insures himself against more than a certain amount of loss, if his plans go wrong. "Calls" are contracts similarly sold by capitalists to speculators, which the owners of the stock agree to deliver a certain number of shares within a certain time, at a specified price. These "puts" guarantee losses on a falling market. "Privileges" is the term embracing "puts" and "calls."

Wash Sales.

A "manipulated" market is one in which the speculators have caused an artificial appearance of actual buying and selling of certain stocks, in order to induce the public to believe that the stocks in question are "active." That there is a cash demand for them. This condition is sometimes created by means of "wash sales," under which a speculator employs two brokers, one to buy and one to sell, and no stock passes at all. Each broker knows the person with whom he is to carry out the transaction. Expulsion from the New York Stock Exchange is the penalty for a broker caught making "wash sales," but it is difficult for the exchange authorities to detect the offence when committed.

Broker Trading Against His Customer.

Brokers are said to be "trading on their own account" when they conclude that a customer will lose on an order he has given to buy and sell stock, and do not execute the order. If the customer does lose, the broker takes the profit himself and charges up the loss to the customer. If the customer wins, the broker has to make good, and record the stock as purchased or sold at the price given by the customer, no matter what the actual difference in price may be to the broker. This has been the cause of more than one disastrous failure in Wall Street. It is only a form of "bucketing" in which the chances are less favorable to the bucket shop man because the customer is dealing in larger quantities and is protected by larger margins. The broker has every opportunity to juggle the account. If he trades against his customer, he is absolutely unscrupulous, and the customer is entirely at his mercy.

The Discretionary Pool.

Another scheme for swindling investors, which was evolved in the mind of some genius at about the same time that the bucket-shop idea originated, is the discretionary pool. There are many variations upon the original scope and purpose of the plan that have robbed widows, men and women who worked hard for small pay and grasped at any straw that promised to save them from an old age of poverty, and even children, of tens of millions of dollars. The greatest financial scandals of the past 30 years arose out of the collapse of these pools when the managers, realizing that for various reasons it would be unsafe to rob their victims longer, have hidden all the loot they could conceal easily and permitted their schemes to collapse amid the tears of the unfortunate "investors."

The discretionary pool is a brother of the bucket shop. The usual method of attracting victims is through advertisements which announce that the pool founders have "strictly inside information regarding the movements of certain stocks." An offer to disclose the name of the stocks on request is made, but when the interested person writes he finds that he must send his money first. Then in the greatest secrecy the names of the stocks are furnished, and when the victim begins to get dividends he harbors the fond delusion that he really is on the inside and that his money is being used to speculate in those stocks. In reality he is only getting a small percentage of his own money back.

The life of a discretionary pool is always short, because the pool swindler does not care to pay dividends of one to 10 per cent. a week out of the money sent in by his victims for a long period. Accordingly the life of the pool is regulated entirely by the greed of the pool manipulator. Occasionally the pool manager does speculate with some of the money he gets, but then he does so because he thinks he can buck the market successfully and increase the loot which he expects to get away with before the authorities swoop down on his lair. James B. Kellogg, the brains of the E. S. Dean & Co. swindle, the first successful pool of the present generation, which took about $3,000,000 from its victims, offered this philosophy of pool manipulations when he found he was caught:

"Don't think for a moment that you have to start a company to get the money. Hundreds are getting it right along, and they get it easy, too. All you have to do is to oil up the correspondence machine and set it going. Then you play a double-cross. In other words, you tip the same thing both ways. You tell one man that a certain thing is a good purchase, and another that he must sell it. If that stock, or whatever it is, moves at all, you have captured one of these men to a moral certainty. Then you hold the whip hand, and it's up to you to go right at him and string him along for a good thing. There are brokers in this city who will pass me out 60 per cent. of all the money I can induce customers to put in their hands. Is their game on the level? Do you think I could draw down the 60 per cent. if the customer wasn't marked for slaughter? Some day I'll get tired of being held up to public view as the one and only pebble on the get-rich-quick beach and I'll make a few high-toned Wall Street people feel ill."

The charge upon which Kellogg was actually convicted in the State court, and which conviction was affirmed while he was serving time under a Federal sentence on a similar charge, was operating the pool he called "Special Wheat Combination No. 2." It was formed when the swindle was nearing its end, and in a few days took in over $150,000. No transaction in wheat ever occurred or was contemplated, but for appearances' sake before the failure Kellogg made a pretended stock purchase which showed on its face that the money was all wiped out. When the smoke of the failure cleared away Kellogg and his associates had vanished, and there wasn't a cent for the creditors.

The First Evidence Swipe.

Kellogg and his associates originated another scheme which has been successfully imitated many times since, and will continue to be used as bait for gudgeons. They incorporated under a dozen or so names, and as a "banking" company would ask the public to subscribe for stock in a "mining" or "industrial" concern, for which the banking guaranteed two per cent. a month dividends. The investor would buy bonds or other paper of the supposed "good thing" and get his dividends until the swindlers thought he had had enough of a run for his money, when probably he would write for an explanation, and as soon as it could be sent to him he would receive an innocent-looking announcement from another of the allied incorporations, calling itself a commercial agency, and offering to send unbiased reports on any industrial, mining or oil company he might suggest. Naturally the victim is interested just then in finding out about the company whose shares he owns, and he writes for a report. The "commercial agency" replies that the company in question is a marvellous success, and is so prosperous that the agency itself will gladly loan money on the concern's stocks and bonds up to 25 or 30 per cent. of their face value. This "report" either quieted the inquirer for a long period, or he sent in his stocks or bonds and asked for the loan. Usually he never got the loan, for the "agency" kept on raising objections until the whole swindle collapsed, and then the swindlers had the bogus stock which would have incriminated them.

The Sure Thing Guarantee.

Closely allied to the discretionary pool is the sure-thing, guarantee-you-against-loss investment concern, the most spectacular representative of which was the Franklin Syndicate, made famous by "520 Per Cent" Miller. From a little office in Brooklyn circulars were sent out which read:

"Investors guaranteed against loss. Bankers and brokers, stocks, bonds, wheat, cotton. Do you wish to increase your income? Would you like to receive every week a profit of $1 and upwards—a profit of over 500 per cent. a year, or 150 times more than savings bank interest? If you wish to reap the benefit of this invest in the Franklin Syndicate. By investing $10 for one share, which is the least you can buy, you receive on each $10 a profit of $1 or more each week. Your $10 or more, according to the number of shares you take, is invested for you each week in stocks or wheat, according to what inside information we may have; this will net you a profit of $1 or more, paid every week until you withdraw. Should you wish to do so, you can withdraw on one week's notice. We also guarantee you absolutely against loss, there being absolutely no chance of losing, as our inside information comes from most reliable sources. Our business is honest, safe, legitimate and profitable. This may look impossible to you, but you know there must be a way where you can double your money in a short time, else there would be no Jay Gould or Vanderbilt and other millionaires or syndicates which have made their fortunes in Wall Street, starting with almost nothing. You have worked for your money, now let your money work for you. Our inside tips are from the fountain-head of speculative interests, and never fail us. We cannot mention names, even confidentially to our subscribers, but it is sufficient to say that the source of information is supreme, and thus far has enabled us to pay, without discount or delay, the weekly profits named above."

As in many other varieties of financial larceny, these advertisements brought in the money, and the thieves at the receiving end put it away in bales in their banks, safe deposit boxes and traveling bags. After he had been sent to Sing Sing "520 Per Cent" Miller made a confession in which he said that he was only a figurehead for more brilliant minds (he was selling tea before he went into the syndicate) and believed that the men who conceived the scheme were actually playing the stock market by a system which he didn't understand, but which ran $10 up to $1,000 in a few days. Miller said that one of the men who bought tea of him was a Wall Street broker, and through this man he made a study of the stock market. He met another speculator who was regulating his purchases and sales of stock by means of a chart, which he tried to explain to Miller, but which Miller couldn't understand because it didn't seem logical to him. Miller was induced to risk $10, and the man with the chart advanced a larger sum, and bought sugar stock. The chart soon brought Miller profits of $100, he said, and he put in the $100 and made $1,000. Then the idea of the Franklin Syndicate was suggested, and Miller agreed. He merely had supervision of the office where the money of the dupes came in, and from which the 10 per cent. a week dividends were mailed. He supposed his co-workers were using the thousands of dollars that came in a day in speculating by means of the chart, he said, and really didn't know that most of the money was being put in places far more secure than the stock market, and some of it being invested in behalf of the swindlers in Government bonds and other high-grade securities which didn't pay over one per cent. as much interest as the syndicate offered. So things went along until the swindlers had tucked away $1,200,000, and the police closed up the business. Of course, there never was a chart which made success in Wall Street speculation certain and never will be.

Bank Funds Control.

The greatest money making trick in this country is maneuvering to put one's self in possession of the funds of life insurance companies, savings banks, and trust companies. Of course, the farmer does not suffer directly through this popular scheme, but he suffers from the indirect influence of it in common with working and business interests generally. These fiduciary institutions receive the savings of the wage-earner and the deposits of business men, and the amounts run into hundreds of millions. If these funds were used only for the legitimate profits to the people who control them it would not be so bad; but this money actually belongs to the people, and it is often used by the men who control it directly in opposition to the interests of its actual owners. It is used to influence nominations for office, and to control elections. It is used to corrupt voters and to bribe legislators. It is used to finance wildcat companies. By its use stocks in such companies are given a fictitious value and then the worthless stock is worked off on the credulous people. In such cases, your own money is actually used to create a false value for stock that you may be influenced to take it off the hands of the promoters at a fictitious price. In other words, your own savings placed in insurance companies or banks is one of the instruments of your robbery.

The Chain of Banks.

When Charles W. Morse went down from Maine to New York City he soon found himself in control of a bank. He used the funds of this bank to get control of the stock of another bank. After repeating this trick with several other banks, the Association of Clearing House Banks of the city found him in possession of his chain of banks, and an influence in the financial affairs of the city. Morse, of course, had many outside concerns that he expected to finance through the money of the people deposited in these banks. These banks had large assets, but to carry on his operations, Morse required cash, and looked to get this on the assets of the banks from insurance companies and trust companies. Operating at the same time much in the same way and to some extent associated with him were the Heinze brothers, the Thomases and Joseph G. Robin. The Clearing House bankers concluded to put Morse out of business by refusing support of his banks when needed. So that it may fairly be said that the elimination of Morse was the cause of the panic of 1907. Like all such promoters when he found himself in need of funds, he took liberties with the banking laws, and with the money in his keeping, and he went to a penitentiary as a warning to ambitious promoters. No one denies that there are and have been others working the same game, though perhaps not so openly. If Morse had had one of the large life insurance companies behind him, he might yet be a factor in financial circles instead of wearing stripes at Atlanta. Morse deserved all he got; but to mete out even justice he ought to have company in his retirement. He was simply imitating others who had larger resources at their back. Later Williams J. Cummings came up from Tennessee, got possession of the Carnegie Trust Company and attempted the control of another chain of banks. He, too, was promoting outside concerns, and took liberties with the funds of the banks he controlled. At this writing he has just been convicted by a jury on a charge of misuse of the bank's deposits.

CHAPTER IX.

STOCK INVESTMENT PITS.

Easy to Stumble In.

Money may be safely invested in stocks or other corporate securities if you know how. But you must know. It will not do to shut your eyes and take a chance. With the best information you may make a mistake, but without careful investigation you have no chance of getting the worth of your money. When you buy a farm or a house you want to learn all you can about them before making a purchase. Do the same with investment securities. Corporations issue these general forms of securities: Stock, bonds and notes. The stock may be preferred or common. That is, the part called preferred may be entitled to dividends up to the specified amount before the common stock shares at all in the profits of the business. The bonds or notes may be issued against a mortgage held in trust, when they are called secured, or they may be the simple obligation of the company, like an ordinary note.

The amount of stock a company may issue is specified in its charter. If the authorized stock is $10,000, a hundred shares at $100 each, and you own one share, you simply own one-hundredth part of the business. If the property and business of the company is worth $10,000, you have a very good investment. If it be worth only $5,000, then at least one-half your money is lost. If it is worth still less, your loss is the greater. This loss is what you should strive to avoid through intelligent inquiry.

Information Important.

The careful investor will first find what the assets and liabilities of the company are. The difference in favor of the assets is the net value of the business. If the liabilities are in excess, the company is insolvent and he will inquire no further. If solvent, he will inquire what the yearly earnings and expenses have been for a term of years. He will want to know how long dividends have been paid and how much for each year. He will then have the value of the property, its earning power, and an idea of its stability. He will then inquire as to all the conditions of the preferred stock and be in a position to buy intelligently or to refuse to buy. In the case of bonds and notes he will want all the above information, and in addition he must know whether these securities are secured by mortgage on real estate or other property, or whether they are the unsecured obligations of the company. Possessed with this information, you may still further inquire as to the prices at which the securities have sold in the open market over a series of years, and, of course, for what they are selling now. Every proposed investment raises three important questions: Is it safe? How much interest does it pay? Can it be readily turned into cash again? It is a well-established law that the safer the investment, and the easier it is converted into cash, the lower the rate of interest or profit.

If corporate business represented an honest value for the amount of stock authorized and issued, and was then honestly managed, any stock might be a fair and safe form of investment. Incorporated companies should be compelled by law not only to demand cash or a fair equivalent for the stock issued, but should also be compelled to maintain the assets or reduce the volume of stock. As it is now a company may be organized and a million dollars of capital stock issued without a real dollar's worth of assets. A man has a patent. He organizes a company with authority to issue a million dollars of stock. The directors meet and offer all the stock for the patent. The offer is accepted and the stock is issued to the man or men with the patent. They will then tell you that the stock is fully paid up and non-assessable, the prospects of profits are painted in glowing colors, and if you are a "sucker" you will buy the stock. The scheme may not evolve around a worthless patent. Any worthless thing will do as well. It may be, and frequently is, an old but insolvent business. Suppose a concern is losing money, and actually has more liabilities than assets—is insolvent. Perhaps $50,000 will pay their debts and give them another chance. They organize a company for $200,000. They can sell $99,000 worth of stock to the public, pay all their debts, put $49,000 into their pockets and control the business as before. If they succeed now, well and good; if not, they can sell more stock and put the proceeds with the $49,000 and let the courts appoint a receiver for the business. That is a trick that is worked over and over again.

Graft in the Management.

Even when the company is successful and prosperous, the small stockholder seldom gets an entirely square deal. One share more than one-half of the capital stock elects the directors who control the business. In many cases these directors personally control other lines of business which have dealings with the company, and in that way the directors profit indirectly. An example of this in railroad business is found in the directors' interest or control of express companies. Other companies own and control bridges that the railroads cross, or terminal stations in cities. The directors are interested in these companies, usually control them, and practically bargain with themselves when they arrange rentals for the bridges and terminals. The land companies work the same scheme when they contract with their directors to make improvements. In the smaller companies the officers vote themselves high salaries and in that way take up the earnings of the company. Of course, every such illegitimate profit or unearned salary distributes the earnings of the company among the men in control, and deprives the investor of the rightful profits on his investment. The men in control may and frequently do "squeeze out" the small investor by voting excessive salaries and expenses to themselves in which the outsider has, of course, no share. The minority shareholder gets tired of the struggle and either sells out at a sacrifice or more commonly loses his entire investment. The majority runs the business in debt, real or fictitious. It is sold to satisfy creditors, and reorganized. The small stockholder is "squeezed out." Then the business flourishes. Many an honest man has been financially ruined by this trick.

The securities of railroads and other corporate concerns fluctuate in price, as anyone can see by reference to the daily quotations of the stock markets. Of course, this is sometimes due to the increased or decreased earnings of the business, and to general financial conditions. It is more frequently due to the manipulations of the stock operators. It sometimes results from a struggle of different interests to get control of the property. When the stocks go above their real value experienced investors sell, knowing that they can later buy again when prices drop. If a wise selection has been made, the inexperinced small investor may not concern himself about these fluctuations. If the company has property, and pays dividends—and both conditions should exist before you buy—it will not matter if the price goes above or below the price you paid. With stable stocks the dividend will be the same, and you need not worry about the fluctuations of the market. Of course, common sense must govern in the management of such property as with any other. The time to sell is when prices are high. This rule holds good with stocks as with other things.

A Danger to Avoid.

The history of a telegraph company illustrates a fruitful source of danger to the public in making investments. A company was organized on an old patent to improve the telegraph service. The telegraph had made millions, and this patent was alleged to be an improvement which would make it possible to send and receive messages automatically and much faster than could be done by human operators. It would eliminate the expense of hired operators, and make ready millions for the company. The promoters had no money, but they had fertile imaginations and were able to picture the future prospects in glowing colors. Many inexperienced investors were made to believe that a few shares of the stock would make them independently rich. The operations of the company were beautifully staged. Men of some eminence were induced to allow their names to be used as voting trustees of the stock, the alleged purpose being to prevent a union with the old companies and preserve this great franchise for the plain people. A line was established between two cities, and the Governor of one State was permitted to send the first message to the Governor of the other State. Palatial offices were established and the company was said to be in active operation. The stock that was to make the dear public rich was sold through "fiscal agents." The country was flooded with circulars and letters pleading for subscriptions to the stock. It was made to appear that the demand for the stock was so great, the country had been divided into districts, and allotments made to each district. If you wanted the stock you had to speak quickly.

Of course, the "fiscal agents" paid for all the printing and mailing, and to do so they bought the stock at a small percentage of its par value. Hence, the present company had little left to start business after paying the promotion expenses. After selling stock for some years, a few offices were opened, but it does not appear that they ever paid, and were finally closed for want of cash to pay office expenses, all of which shows that even if an invention has some merit in itself, the public cannot expect to get rich through speculation in its stock. The universal experience in such cases has been disappointment and loss to the inexperienced investor.

Names Nearly Alike.

A trick frequently resorted to in the organization of a wildcat corporation is to select a name very much like that of a reputable and sound company. If the dishonest broker does not actually represent the stock as of the sound company, he permits the purchaser to believe that such is the fact. The name is selected anyway with the deliberate purpose of deluding the inexperienced investor. One little word in the title of the company may mean a difference between good value and total loss.

Reviving Obsolete Stocks.

One trick of the promoters or stock swindlers is to pick up stock certificates of dead companies and sell them to confiding investors at 10 cents or so a share. You need not think that a stock certificate has value because it is marked $100 par value. Neither should you jump to the conclusion that a company exists because the certificates are shown you. The certificate may represent a defunct company, and the $100 mark may represent wasted ink.

Magazine Investors Lose.

The Columbian-Hampton Magazine has just been sold for $10,000. The company was capitalized for $4,000,000. The Columbian company was first promoted and four per cent dividends paid quarterly from the start, though all experienced publishers knew that the dividends were paid out of the purchase money. Then Hampton's came along and stock of it also was sold to the public. Later the two were brought together under one company, called the Columbian Sterling Company, and the capital stock was increased to $4,000,000; and this was offered to the public with the most optomistic promises of future profits. The two magazines were first to be published separately. Then they were combined in one. By this time the postal inspectors got after the promoters, and it was then found that the real head of the stock-jobbing scheme had disappeared. The others were arrested and spent some time in jail before bail for their release was furnished. Later a selling agent for the stock was arrested on a charge of having induced a Connecticut woman to invest $10,000 in the Columbian company under representations that are alleged now to be false. Of course, the stock was all sold on false representations; and the payment of 16 per cent dividends per annum was a deliberate act of premeditated fraud for the purpose of influencing sales of the stock. The money put into the Columbian and the Hampton original stock as well as that put into the four-million combination of the two by small investors is lost. None of the stock is worth anything.

A Million-Company Without Cash.

Some details of the organization of a real estate company in St. Louis have just come out in an inquiry conducted by a Congressional committee. The laws of the State of Missouri require that cash be paid for corporate stock when issued. The land cost $200,000; but the promoter wanted to organize his company for $1,000,000 capital. He consulted a banker and devised this scheme: Drafts were drawn by three employes on another party. These were marked paid, and an entry for $1,000,000 credit given the promoter in the bank, but, of course, he would not be allowed to draw a nickel out of it. Then a check was drawn for $1,000,000 in favor of the new company, and the stock issued to the promoter. Then the company issued a check for the same amount to the bank, and the cycle was complete and the case closed. Not a nickel went into the bank or out of it. No one paid a dollar either in cash or credit, but the promoter claimed he had complied with the law. Both the stock and an issue of bonds were afterwards represented as the safest form of security in the world, and hundreds of thousands of such paper securities were sold to country people. If you are tempted to buy stock, don't take the promoter's word for values. In this case you would have secured only 20 cents on the dollar; and to-day it is doubtful if the property will pay the bonds. If it does no more, the stock is worthless.

Loan Tricks.

An effective trick often resorted to by unscrupulous money lenders and other business operators is to loan money on a property wanted, and then watch for an opportune time, demanding repayment of the loan at a time when the owner is most embarrassed for funds, or at a time of panic when he cannot borrow elsewhere. The owner may have good value in his property, but if he is unable to find the cash, foreclosures with the usual heavy expenses are threatened, and actually begun unless the owner consents to a heavy sacrifice. Farms and homes have been lost by that covetous trick. The United States Steel Company got possession of the valuable properties of the Tennessee Coal and Iron Company under such circumstances during the panic of 1907, and the owner of a western railroad has recently related how John D. Rockefeller voluntarily offered him a small loan, which he accepted and which later cost him the whole property, since paying millions in annual dividends. It is alleged that the loan was deliberately made to get a lien on the property at a time when the Rockefeller interests required control of the road.

CHAPTER X.

CO-OPERATIVE FAKES.

A Confidence Game.

"Oh, Liberty! How many crimes are committed in thy name?" exclaims the historian. Much the same could be said of co-operation. Every schemer who wants to work the people for his own ends pleads for co-operation. In true co-operative enterprises every person shares equally with all others in the benefits in proportion to his service or patronage. But when so-called co-operative schemes are developed by individuals for their own benefit the people are expected to put up cash, and the schemer comes in for the benefits. The co-operative schemer knows all the social and political and economic ills that affect the people. He inspires confidence by talking of these burdens. They are as old as humanity and society, but to hear him talk one would think that the schemer was the first to discover them. You agree with him; of course you must. He says the things you know, but expresses them better than you can. "He is right," you say. You warm up to him as he abuses your enemies, and denounces your wrongs, and without stopping to think how he is going to better things you sign the paper and have subscribed to his stock or obligated yourself in some other way. You did not recognize the wolf in the sheep's clothing. If an honest neighbor questioned his sincerity, he told you the neighbor was an agent of the trusts, and ten to one you believed him and joined in the hisses at the honest protest. Neither you nor the honest neighbor were to blame for the faker's success in getting your money. He was following a dishonest trade. He was an expert in his nefarious business. Neither you or your neighbor could compete with him in scheming or argument. He was smart enough to win your confidence through a pretended sympathy with your wrongs, and he knew you would stand by your ill-advised conviction until he had accomplished his purpose.

The American Farm Co.

One of the greatest co-operative fakes of the present generation was promoted under the above title, in the last years of the nineteenth century. It had headquarters at Buffalo, N. Y. The scheme was a big parent corporation with millions of authorized capital stock, and local companies organized all over the country, but controlled by the parent company. Agents of the company would go into a neighborhood and propose a branch company. The people were told that the company owned a chain of warehouses covering the entire country, also railroads, steamships, docks in America and in Europe. Through these facilities of trade members could buy their supplies at the lowest wholesale price and sell their products at the highest retail price. As a model a storehouse was erected at Linesville, Pa., and when people hesitated committees were steered to Linesville to see the plant. Then in the local town two or three of the best known men were interested. One was to be president of the company, another was to be business manager and secretary with a salary. A lot for the storehouse was bought from another. All were required to take stock, and these influential citizens were influenced innocently enough to help rope in their neighbors. They usually got away with $15,000 to $20,000 in a town and built a little warehouse to cost $1,000 or $1,500. Of course, the thing did not work, and the people soon found that the chain of stores, railroads, steamships and docks were products of the promoter's mind. The Rural New Yorker exposed them in New York, and curtailed their operations there. The Attorney-General drove them out of Ohio. Judgments for fraud were filed against them in Pennsylvania, and indictments against the agents were filed in some of the Western States. It was a typical case of co-operation for the benefit of the promoter.

The Cash Buyers' Union.

This was to be a co-operative scheme in buying. You paid a membership fee of $10, and that gave you the privilege of buying from them. You had the privilege of buying anywhere else without a fee. Of course, they promised you cheaper prices. As a pretense they did start a warehouse with some goods, but never filled many, if any, orders. The business was getting $10 membership fee. They got about $4,000,000. Then some one had the promoter indicted. This gave him an excuse for saying that the "Union" was destroyed by its enemies, but he never explained what became of the four millions. After being closed out he tried to work the old shareholders all over again in a reorganization scheme and actually got quite a lot of money from people who hoped in vain to recover their lost money. When he worked it out he skipped.

A New England Co-operation.

It is said on what seems to be good authority that a Massachusetts publisher has a desk full of schemes, co-operative and otherwise, that he labels with the seasons and springs them on the public at the psychological time. The frequency of issue would seem to confirm the gentle indictment. Your part in this chain of alleged co-operative influences is to furnish the cash and the patronage and to promote his business interests by patronizing the advertisers of his papers. You get a very uncertain security for your money, and at best a modest rate of interest considering the risk for the use of it. This is another typical case of co-operation by the promoter for the promoter.

Dividing the Fee.

A few years ago an Indianapolis, Ind., mail order publisher attempted a co-operative scheme to bolster up his waning fortunes, and, being a past master in the confidence game, he made quite a success of it for a time. The evident object was to work up an enthusiasm over a co-operative scheme in which initiation fees were to be charged, and provide that each member become a subscriber of his paper and pay for the paper out of part of the membership fee. The success of the scheme killed it for the schemer. He knew the faults of our economic system, and played on it so successfully that he interested many intelligent and able men in his society. They were earnest and sincere. Talk would do them for a time, but after that they wanted action. Here they parted. The promoter wanted to keep up the pretense; they wanted the substance. They were sincere; he was faking. They actually threw him out of the organization he promoted. His success in interesting strong, intelligent men was the cause of his ultimate failure. Such men detect trickery in time, and once discovered the trickster is lost.

A Gigantic Swindle.

The St. Louis schemes referred to in the chapter on publishing schemes were really a co-operative fake in their most alluring features. In all there were 50 to 60 different schemes. In the aggregate they constituted, in the language of the United States judge who passed on them, one of the most gigantic swindles of modern times. The general schemes embraced a publishing business, a patent right investment, a holding company, a real estate company, a bank, a trust company and a voluntary association. Each of these had its subsidiary scheme. They were all urged as co-operative enterprises. You were to furnish the cash. Indeed, it was a privilege to be allowed to do so. The profits were to burn your pockets. The story is too long to permit much details here. Suffice it to say that in ten years the schemer took an estimated $8,000,000 out of the hands of country people. He made powerful friends for himself in St. Louis by bringing all this money there and spending it there. When the people got tired of one scheme and called for the broken promises, he promptly anticipated them by presenting a still bigger scheme with still more alluring promises, and the old stocks and notes and bonds were turned into the new scheme. Some new cash was usually contributed also. No money was ever returned, but paper certificates were distributed with a lavish hand. The Government undertook to stop his plundering, but he only seized on this as an excuse for his failures and promptly made a martyr of himself. He played the game so well, and argued with such subtlety and apparent candor, that many of his very dupes actually believed him innocent of crime. Later developments, however, convinced all intelligent people that his conduct was that of a knave. It was another case where an intimate knowledge of the conditions and economic ills of country life were used to make the burden all the harder by robbing the people of their little savings. Children, old men and women, orphans, clerks, old ministers, washerwomen and people of every condition were induced to part with their all for the profits that were promised but never came. These people furnished the money in the name of co-operation for schemes entirely outside of their environment and beyond their influence or control. They did the co-operating, but the schemer got the benefits.

Co-operative Canning.

Canning factories have been organized on lines similar to those described under "creamery sharks." The methods and effects are the same, and often worked by the same promoters. They often fail because the plant costs more than it should and the company is embarrassed from the start with a heavy capitalization, and it is impossible to pay a profit on the amount.

Alleged Co-operation in Agricultural Implement Factories.

Particularly in the States of Ohio, Illinois and Missouri, concerns have sprung up on alleged co-operative basis for the manufacture of agricultural implements and sale of them to farmers. These have all the features of the mining schemes and other promotion tricks. Stock is sold on the prospect of profits, and these prospects are illustrated by reference to the profits made by other concerns, which, of course, is no good reason for assuming that this concern will make equal profits, or any profits at all.

They announce that they are in opposition to the trusts, and invite the farmer to throw off the burden of monopoly. When you once get on their "sucker list" you will get letters by the yard and posters in color printing by the ton. If you stopped to read it all you would need to hire an extra man to do the chores. One catching allurement of these schemes is the promise that you can not only buy your own machinery at a discount, but that you will also be allowed a discount on all the orders you influence your neighbors to send. This you are told is profit-sharing co-operation. Stripped of all disguise, it is simply furnishing capital to run a factory and putting yourself in a position where you are not likely to go into the open market and look for the best goods at the best price, value considered. It also makes it a little object for you to influence your neighbor's choice if you feel like taking the responsibility for a little rake-off. You have no assurance that you or your neighbor will get any better, or as good value, for your money as you could find elsewhere. In all the circulars and letters and posters you find nothing to show the exact amount of stock authorized, of bonds issued, of assets and liabilities or of exact income and expense of the business for a term of years. A few lines of this would be worth more to you as a means of getting an intelligent idea of its value as an investment than all the big talk about the profits of other concerns and the prospects of profits. In all these concerns you must remember that the promoters keep a control of the stock in their own hands. This gives them the right to manage it in every way and to vote themselves salaries and expenses to take up any profits that may be made. Besides this, through their control, they may increase the stock of the company and issue bonds or notes to suit their own purposes. Look at another possibility. An individual owner or a partnership of two or more men may be operating a factory. They are short for ready cash and have probably borrowed to their limit of credit in the banks. The plant, say, has cost $200,000 to build and equip. Now they propose to incorporate it. Naturally you say the authorized capital will be $200,000, or if $300,000 the plant will be taken over for $200,000 worth of the stock and the cash received for the other $100,000 of stock will go into the treasury of the company to build up the business. But the owner or partners say the business is worth $2,000,000, and forthwith they capitalize it for that amount. Then they solemnly meet as directors of the new corporation and vote to buy the business of themselves for $2,000,000 and pay for it in stock of the company. While this is being done the clerks in the office may be acting as directors. Now the company owns the business and the late owners hold all the stock. Of course, the stock is all issued and is non-assessable. If the promoters are very generous they will put $100,000 of the stock certificates in the safe, the proceeds of which they donate to the company for expansion purposes. If they are less considerate they may sell the stock and loan the money to the company. In any event, any of the stock sold to the public is the property of the old owners, and every dollar received for it may go down into their pockets. All they need to control the company is one share more than one-half the capital stock. Hence they can sell stock to the amount of $700,000 or $800,000 and still control the company. The farmers who buy such stock have actually paid three to four times the value of the plant in cash, and yet they have no control of it and must take as profits nothing at all or such dividends as the promoters please to give them. The original promoters may retire at any time, either by sale of control of the company or by abandonment. But before this happens they may sell an issue of bonds. If so, you are asked to subscribe for the bonds, and are probably given a bonus of stock as a bait. Often the stock is issued in preferred and common, and a bonus of common stock is given with the preferred and a liberal dividend is usually paid while the stock is being sold. This is a sure sign of inflated or watered stock and of manipulation in finances, and instead of influencing the investment, should be a warning for you to leave it alone.

The Ohio concern referred to went all to pieces and the farmers lost all they put in it. The Illinois concern seemed to be less successful in sale of securities, and the outlook for others is awaited with some trepidation and concern.

Co-operative Shadows.

In New York City a co-operative scheme was somewhat under way in the year of 1911. The original plan of this was the Million Dollar Corporation, which was to create an organization of consumers throughout the city at a fee of $3 per membership. In connection with this a chain of co-operative stores was to be organized throughout the city. The members were to buy their purchases of all kinds of supplies for the table, the house and the barn through these stores. A certificate was to be issued with each purchase, and a percentage of these sales was to be paid to the General Co-operative Company, and in return the company was to pay a portion of this percentage back to the consumer. Afterwards the scheme was extended so as to take in the farmer and the Pennsylvania State Grange became interested, the scheme being for the producers to go into the company and ship the goods to supply the stores. One hundred thousand dollars' worth of the stock was issued, and most of this was used in the organization and promotion work, and at one time another portion of the stock was reserved for investments by the Granger or individual farmers.

The disposition of the balance of the stock was not made definite, but it was suggested at one time that the balance of the stock would be used to compensate the officers for the promotion end of the work, as in the meantime they were working without a salary. It seemed evident enough that the purpose of the management was to keep control of the stock in the hands of the officers and promoters.

This is what was called a co-operation. It is not apparent, however, just where the essential factors of co-operation comes in. Of course, there may be co-operation between different people to a general end, even when all do not share alike in the results. But true co-operation contemplates equal share in the proceeds in proportion to the contribution of money, time or trade. The development of the fact originally by The Rural New Yorker that the producer was receiving only about 35 cents of the dollar paid by consumers made a scheme of this kind welcome to both producer and consumer. Both the producer and consumer have been restless under the condition which showed the enormous cost of distribution by the middleman, and any movement to correct this condition would meet with a hearty welcome by both producer and consumer, and would be encouraged by the friends of each. This plan, however, seemed entirely impractical and was one rudely developed. There was little in it to justify the term co-operation, and nothing to encourage an investment of money in its shares of stock. It had all the factors of a business proposition by the promoters, who were in position to control the situation and to profit by the operation. While doubtful, it may be a success as a business proposition, but, to say the least, it is not co-operation. There was no possible objection to it so far, except the consumers' fee, which is a measure of fakers, provided those who control it and who would profit by its success put up the money to develop it.

CHAPTER XI.

THE PRESS AS AN IMPLEMENT OF ROGUES.

Confidence Betrayed.

Of all the rogues who scheme to separate people from their money, the fake publisher is the most contemptible. The ordinary rogue picks his subjects from among strangers. The publisher victimizes his customers and friends. There is something of a confidential relation between the publisher and his subscriber. The reader sympathizes with the editorial policy or feature of the paper. This sympathy is what induces him to become a subscriber. Because of it he believes in the paper. It has his confidence. The publisher who betrays that confidence is guilty of a greater crime than the rogue who steals from a stranger. He not only commits a theft; he betrays a confidence.

Disguised Advertisements.

Bordering between fault and fraud is the custom of some publishers to print advertisements disguised as reading text. This was a common fault of papers in the last quarter of the nineteenth century. It is not so common now, but yet practiced. The advertiser simply wishes to practice a little deceit on the reader, and the publisher joins him in the conspiracy. He deceives or attempts to deceive his subscribers and receives cash for his part in the deception. Sometimes these articles show quite plainly that they are advertisements pure and simple; others are so cunningly devised that only the experienced reader can detect the purpose of the write-up.

The Personal Letter Faker.

Years ago a successful fake advertisement was published in the form of a personal letter to the editor. The writer wanted to tell the world about some poultry secret he had discovered. But when correspondence resulted there was always a fee for something. A long-time sufferer had discovered a cure for her ills. For humanity's sake she wanted to spread the glad tidings to other sufferers. The information would be free. So it was, but there was always something in the treatment that no one but the first sufferer could supply, so the cash went to her, though the advice was free.

Another betrayal of the confidence of the reader takes place when the publisher knowingly allows dishonest advertisers to use his columns. This offense is bad enough in any case, but when the publisher assures his readers of the reliable character of his advertisers and guarantees them against loss, and then knowingly admits advertising that he knows is deceptive, he turns a fault into a crime. He gives his subscribers a sense of false security and makes them an easier prey of the dishonest advertiser. The guarantee in such cases is of course either ignored or repudiated. In many cases the conditions are such that proof of a claim against the publisher is difficult. This is true in the substitution of seeds and in the sale of old varieties at high prices under a new high-sounding name as a novelty.

Publisher's Home Colonies.

The first attempts of publishers to work schemes outside of publishing business was manifested in the land colonies. Some land boomer would approach the publisher with a proposition to make easy money and divide the profits. The boomer had the land or an option on it. The publisher had the advertising space. Neither of them need to put up any money. And every dollar received means 50 cents profit to each. So the Great Bonanza Colony would be organized on paper. The advertising would go out. Perhaps an excursion would be formed, and a number of local agents taken to the site of the proposed colony. These agents would return and give glowing accounts of country visited. The unsuspecting subscriber would make a purchase and a payment or two. Only when he broke up his home and went to take possession of his purchase did he begin to realize the deception practised on him by the publisher in whom he put his confidence and his trust.

The Mail Order Paper.

About the first of the twentieth century the United States was cursed with a great production of what were known as mail order papers. This was a class of papers of little or no editorial merit, made up mostly of clippings out of sensational novels. They appealed mostly to the illiterate. But some of them which actually published some matter of merit were the most dangerous of the lot. They were printed on light, cheap news paper. They had few subscribers in comparison with the large number of copies circulated to draw patronage to their deceptive advertising patrons. The publisher received almost his entire revenue from the advertiser, and, of course, he gave the advertiser his entire consideration. This class of paper seemed to encourage and develop a large class of fake advertisers, and for a time these papers became prosperous. There was scarcely any limit to their production except the capacity of printing presses, and the postoffices became congested with them. Then the postal officials began to curtail their mail privileges, and they were obliged to resort to schemes to make an appearance of a legitimate subscription list. The mailing list of the mail order paper is the "sucker list" of the modern promoter.

The Rebus Fake.

Some of these papers succeeded in working up something of a list by means of the rebus or guessing contest. Advertisements were printed in large papers. You were to unravel some simple riddle, and by sending a small sum of money with your answer you were entitled to contest for a prize. The money was your subscription for the paper. Of course, everyone was notified that he or she had won the prize, which would be sent free, but $1.39 or some other amount had to be sent for packing and shipping. If you didn't reply in a week the prize would be sent to the next best guesser, they told you. You might think the money was for postage. If so, you were mistaken; the prize was sent by express collect. Of course, there was a very nice profit in the prize for the publisher. In one case a "solid gold watch with stem wind" and other lauded features was bought for 39 cents in gross lots, and the $1.39 left a clear profit of $1 for the fake publishers. One New York publisher cleared up $40,000 in three months on this scheme alone. Besides, such names constituted a "sucker list" that commanded a high price with other schemers.

The Publisher as a Promoter.

There is nothing in the mail order papers to attract voluntary subscriptions. They are opposed to the best interests of the reader. Their purpose is a means of utility for the deceptive class of advertisers who patronize them. Hence no mail order publisher ever did secure a large voluntary list of subscribers, no matter how low he fixed the subscription price.

Another means used to circulate the papers is to induce banks or business houses to order the paper sent to lists of prospective customers as a means of advertising the house furnishing the names. The price in such cases is, of course, nominal—usually a few cents. These names are used as an apology for a subscription list and are often padded further by addresses bought from the patent medicine concerns. To these the paper is mailed free, sometimes put in as regular subscriptions and again as sample copies. It is safe to say that no edition of a strictly mail order paper was ever distributed without violation of the postal laws and regulations. The Postoffice Department was at first lenient with this class of publications. Hence they increased and multiplied. They developed a class of misleading and deceptive advertisers, as they afforded a cheap means of reaching large lists of people of the poorer classes on account of the cheap postal rate afforded them. At first the Postal Department allowed these publishers and all others to mail one sample copy for each regular subscription. When the papers increased so as to become an abuse of the second-class mail privilege, the sample copy privilege was reduced to one for every ten subscribers. That was the first check. Then came the rule that guessing contests were classed as lotteries. That was another check. Then they made the rule that premiums must not exceed in value one-half the subscription price of the paper. This was a further check. At the same time the Department began to inquire more closely into the alleged legitimate subscription list. It was ruled that names sent by bankers or manufacturers without the knowledge or consent of the patron were not legitimate subscriptions, and the padding of lists was discouraged. Under these rulings many publishers, realizing that they could not meet the legal requirements, dropped the publications and went out of business. Others tried to keep on with a smaller output, but the small editions did not pay the advertisers, and the advertising patronage of the whole class began to fall off. As a result these papers began to lose money. A small number of the publishers of this class attempted to bluff the Postoffice Department and continued the old methods in order to mail the large editions. It worked for a while, but for the most part they finally succumbed.

Attempts still to continue the mail order paper were made along two other lines, and we are yet suffering from the abuses that have grown out of these attempts. One of these classes of publishers attempted to change the mail order paper into a higher class publication, but the task was really harder than starting a new paper, because, as has been remarked, the falling off of the circulation to conform to postal regulations had been partially responsible for the general decrease of mail order advertising. Another cause for that decrease is found in the fact that many of the better class of publications that carried it formerly now refused to accept it at any price. Besides, there was a general odium to the paper from its former class which kept a large bulk of the legitimate advertising out of its columns. Besides, the publisher was unwilling to drop what he had until he succeeded in getting something better, and he still carried the small fakes and objectionable advertising, and even with the improved appearance of the papers the discriminating honest advertiser objected to the association with advertisers whose business was objectionable to him from either an ethical or business point of view. So the publisher found himself with a losing business and a dwindling bank account. In this crisis he organized a publishing corporation with millions of authorized capitalization and sold the stock to his subscribers or readers. The prospectuses were made very alluring. They never contained any information to show the assets and liabilities of the concern, nor the earnings and expense. But they told you of the enormous profits made by two or three conspicuous publications, and drew the inference from this that their profits would be equally as much and your profits equally great. Sometimes a dividend was guaranteed, and at times actually paid. Of course, these dividends were paid back out of the money you sent in, with the purpose of inducing further remittances from yourself or your neighbors.

Finally, when the the stock sales were worked to the limit the dividends ceased, and in most cases the business went broke. There is not a single case on record where the subscriber ever got his money back.

The other attempt to continue the mail order paper was made without the policy of improving the paper itself, but by attempting to recoup the losses by selling stock in other enterprises promoted by the publisher. Some worthless patents would be secured and a stock company organized, using the patents as a basis. Sometimes a bluff was made at starting the business or factory, but it never got beyond the developing stage. Then big stories were told about the profits that were to be made, and limited amounts of the stock would be sold to the subscribers just to keep Wall Street out of the enterprise. When your money was once in the alleged factory would have a fire, or some other calamity would happen, and you would be asked to send a percentage of your first investment to protect your property. Many would bite on this new bait, and finally when the scheme was worked out some other proposition would be made, or the whole thing would go to smash. Of course, these were pure swindles, but the schemers were carefully advised legally, and little evidence would be left to convict the rogues. One New York publisher of this class, however, offended his bookkeeper, who gave the whole scheme away, and as a result the publishers were both convicted of fraud and got three years in a Federal penitentiary.

The Publisher and Junk.

A small class of these publishers attempted to keep up their mail order papers by combining a sale of advertising space with the sale of subscriptions. The publisher first discovered what you had to sell. It may be a farm, a home, a patent or, in fact, any kind of junk. Then he guaranteed to sell it for you. You paid a fee in advance, according to the value of the property you wanted to sell. The fee ran from $5 up, and you were to have the paper for a number of years corresponding with the amount of the remittance. In one case the guarantee was made to sell the farm or refund the money within a given time—six months. Of course, they depended on the customer forgetting or neglecting to demand the return, as they had no facilities to make the sale, and no serious expectation of making any sales. When the demand for return of the money was made the publisher resorted to the tire-out process, and rarely made any reply. The subscriber was in some distant State, and, of course, helpless, or at least he thought he was; but when such cases were reported to The Rural New Yorker a refund was insisted on and secured while the papers remained in the hands of the original publisher, but after a change of owners, as happened in some cases, no further redress was possible.

The Endless Chain Utilized.

Among all these classes of mail order publishers and schemers a St. Louis case is typical, and in itself embraces practically every phase of the whole class and experience. A man who had worked several patent medicine and proprietary schemes started an endless chain scheme to work up a subscription list for a mail order publication. He has since been fond of saying that he started with only $1.25. After a while the Postoffice stopped the scheme. Later he worked a lottery scheme in connection with the attendance at the World's Fair held in St. Louis. Through these and various other schemes he managed to work up something of a subscription list for two mail order publications—one of which, by the way, had a farm title. Through various devices he sent out editions amounting to two million or more copies of the papers weekly. Then he organized a $3,500,000 publishing company, and sold stock to the readers of the paper. He also sold bonds and notes of the company in excess of another million. He organized a million-dollar company on a few worthless patents and sold this stock through the papers to people who read the papers. Then he organized a holding company for his other companies and sold bonds of it to the same people. Again he bought land, organized a company for that and sold stock and bonds of that for more millions, first selling the land himself to the company for five times the original cost to him. Drunk with these successes in gathering money from the people, he organized a bank, and actually collected more than $2,000,000 from the people, distributed all over the country. This money, sent him for the purpose of organizing a bank under the law as he promised, was used by him as a personal contribution, and the banking authorities of the State had trouble from the start in their attempts to protect the people who parted with their money. Practically none of the promises made the people at the time the money was solicited was kept, and finally it was discovered that before the bank was organized six months the promoter had actually borrowed for himself and his other schemes nearly a million dollars from the bank. Growing out of these abuses the bank was put into the hands of a receiver and a fraud order was issued against it and the promoter by the Postoffice Department. Later the fraud order was vacated against the promoter, and he has since originated other schemes to continue the collection of money from country readers of his papers. He persisted so long in an attempt to evade the postal regulations that his papers were at one time refused the use of the mails at second-class rates. They were, however, readmitted on a new and satisfactory basis to the Government. The abuses, however, were continued, and the officials seem yet to have difficulty to keep him within the regulations. He is the last of the mail order publishers to give the officials serious trouble, and he has been able to do so simply by posing before credulous readers as a martyr to the interests of the people whom he has actually robbed.

Loot as a Franchise.

This St. Louis relic of the mail order publishing fraternity complains that the Postoffice Department has destroyed his business, which he describes as great and meritorious. Though under indictment for alleged fraudulent use of the mails in the promotion of some of his schemes, he asks Congress to indemnify him for losses he claims to have suffered in being restricted in the use of the second-class mail privileges for his mail order papers. The publishers who quietly went out of business are actually more entitled to redress for losses than he is. They allowed the fake advertiser to fleece their readers the same as he did. This was what that class of papers were for, but they worked no frenzied financial games on them for their own gain, as he did. They yielded to the just enforcement of the laws and saved the Government expense in enforcing compliance; he has continued the abuses and caused the Government great annoyance and expense in administering the law. As a matter of fact, if he were permitted the old custom of mailing free copies, the new regulations being enforced on others, he could not, because of the new conditions, now maintain a mail order paper on a paying basis except by resort to the trick of collecting money on the investment schemes through the papers.

Intelligence Dooms Them.

The mail order publication is doomed. It is doubtful if a single issue of a single one of them was ever distributed except through a violation of the postal laws and regulations. The application of these laws and regulations helped doom them. The general conditions and discrimination of advertisers affected them adversely, and the growing intelligence of the people spelled out their final doom.

Stocks on Magazine Prospects.

During the latter part of the nineteenth century about a half-dozen magazine publishers made conspicuous successes. There were a large number struggling, but the success of a few inspired the ambition of many publishers, and the number of magazines increased. Then came the reaction. Readers tired of the over-production of manufactured fiction. The sameness of the monthly productions palled on the mental appetite. Sales dropped off, and it was said that the magazine business was dull. Some that were unable to keep up the financial balance made issues of bonds. Others issued stocks. Both told of the great success and fabulous profits of the few big successes, and sold both the stock and the bonds to the readers who listened. One magazine that sold $400,000 worth of bonds went bankrupt in the Fall of 1910 and defaulted on the interest of the bonds. The magazine, being the only asset of the company, was deftly slipped out from under the bonds into another company and left the bondholders high and dry. Another saved its face by combination with a larger house, but the market value of the stock was practically cut in two. These experiences seemed to suggest to promoters the advantage of the magazine as a means of exploiting stocks in the companies controlling them. Several have recently been started and promoted. The companies have been organized with authorized capitalization of millions. Of course, the assets are prospects. The papers themselves are very creditable—expensively gotten up, good paper, fine printing, effective and numerous illustrations. The fiction is the best that can be bought. Needed economic reforms that appeal to masses of intelligent people are advocated. The features that tell the experienced publisher that the venture is not paying its way are the things that induce the inexperienced to put his money into the stock. You see how the magazine has become popular as a basis for stock promotion. The promoter who organized a company on a patent or a mine was obliged to get up and mail expensive literature to sell the paper securities. The magazine saved that expense. Dividends are sometimes paid on these stocks with the evident purpose of influencing further sales, as the magazines show no evidence of having earned the dividends. The custom is demoralizing the magazine publishing business and reducing the editorial profession to the level of a stock broker's press agent.

Authors' Agencies.

You will find advertisements in many papers of agencies which promise to sell authors' manuscripts, particularly of fiction, at good prices. There is an advance fee for some pretense, often for membership in the bureau or fraternity of some sort. If any of these utilities ever sell manuscripts we have never been able to discover it. But we have never failed to find that the fee was collected.

Music Publishers' Tricks.

Are you looking for a publisher to print and market that piece of music you composed? If so, take some free advice and burn the copy. If you read the alluring advertisements of these publishers and send them the music your bumps of vanity and avarice will swell to double the natural size when you get their letter telling what merit the composition has and learn of the fabulous fortunes that have come to other composers. You are told what the first cost of printing will be, but you will be required to pay down only one-half the cost. They generously bear the other half until your fortune is made from your royalty on the sales. It is all so smooth and fair and even generous on the part of the publisher, and he said such nice things about your creation, it would make you feel like an ingrate to inquire about the cost of printing. Hence you do not know that the amount you remit more than covers the cost of printing. If he ever prints it at all he may write you that it would be well for you to order several dozen copies of the piece at the retail price less your royalty and remit for them and sell them to your friends. Unless you do there will be no sales to report and no royalty to collect. Some rogues are content to play on your cupidity; others work on your vanity. The music publisher makes use of both.

Pulling Wool Over Our Eyes.

Perhaps the most sinister of all tricks is the "acceleration of public opinion" by selfish political or business interests. When the scheme is large enough accelerators go among the people, organize clubs or associations, arrange for mass meetings, and whoop it up generally. Through these alleged tax-payer associations or citizens' committees the people are actually made to demand measures which are really opposed to the public interests. These accelerators of public opinion always want the influence of the public press; and they usually get a number of papers to help along the hurrah. Some papers are operated for just such purposes; others are subsidized for specific purposes, and a few are perhaps innocently drawn into the scheme like the masses of the people. A weak publisher follows the popular trend for the time being. He lacks courage to attack a measure on principle when he sees the masses of the people apparently approving it. In some cases business interests own papers outright. In other cases control is effected through financial control only. But it is seldom in either case that the real interests are known. To make them public would defeat the purpose. The men who touch the button are in the background. The editor and the publisher are assumed to support only the public good. They may do so in all things except when and where the public good conflicts with the personal interests of their principles. Such publications are really the most dangerous. Having won the confidence of the people through a real championship of public interests, they are in a position to influence public opinion in the instances in which their masters are vitally interested and opposed to public good. This method of controlling the public press, however, is expensive; and can be indulged in only by powerful interests. Such publications rarely pay their way. In times past many business houses ran publications known as house organs. There was little danger from them because the reader understood what they were for and read them as he would an advertisement of the firm. They have for the most part gone out of existence. But there are many impecunious publishers who are willing to cater to the interests of financial and business and corporate concerns in consideration of paying patronage. The trick or deception in such cases is that the paper is in theory giving its readers unprejudiced information, while all the time its expressions are being influenced by concerns interested. Not long since one of the oldest metropolitan daily paper was shown to have contracted with the New York Milk Exchange to publish a column or more daily for a given time to defend the advance in the retail price of milk to consumers. A large concern which buys enormous quantities of staple farm products, furnishes many of its farm patrons free subscriptions to a choice of three papers, two of which are supposed to be published for the interest of the farm exclusively. Do you think those papers will publish anything that may be in any way construed as against the interest of the concern which pays for those subscriptions? Such papers may be faultlessly edited as to production, but in the more important matter of prices and distribution, they are expected to make things easy for the buyer. You see the trick in it all? Suspicions are allayed, confidence is inspired through some public service in which they are not interested, and then from a presumably disinterested standpoint measures are advocated to plunder or pluck the public pocket for special interests. This is acceleration of public opinion. It is a sinister influence. It is not general by any means, but it is prevalent enough to justify a word of warning.

CHAPTER XII.

HORSE TRICKERY.

The Dope and the Gyp.

Ever since the dawn of history, when Alexander the Great conquered the renowned Bucephalus, a good horse has been the pride of the man who was privileged to curb his ambition, and the envy of less fortunate owners. Every farm boy knows the hazard of a horse trade; and even the professional jockey has little advantage over the trained eye of the ordinary farmer in a straight "swap." The farmer can usually take care of himself when one genuine piece of horseflesh is contrasted by another, or in the balance for dollars and cents. It is only when dope and trickery and deception are resorted to behind the curtain that the practical man, unused to these artifices, falls a prey to the "gyp" or jockey.

The Jockey Guarantee.

The jockey has made some of his best deals with farmers through the free use of a personal guarantee. In some cases the horse may show a little tenderness or other fault. The jockey assures the buyer that the lameness is entirely due to a shoe that pinched after driving bare-footed, and gives a written guarantee that the horse is perfectly sound. The trouble is guaranteed to disappear under a treatment suggested. When complaint is made later a new treatment is suggested, but when the buyer gets tired of the treatments and demands the fulfillment of the guarantee, he is finally told in plain language to do what he likes about it. The written guarantee of an irresponsible horse dealer is worth no more than his verbal assurances. Neither is worth anything.

Working Off the Balker.

It would take a volume in itself to tell the tricks resorted to in order to pass a balker off to the next fellow. Sometimes the animal is a good driver, but of too delicate a sensibility to work on a loaded wagon. The trick in this case is so to engage the buyer in the driving qualities of the horse as to cause him to forget or neglect a load trial. Everyone has heard of the story illustrating this trick. The seller, in describing the merits of the horse, assured the buyer that he was "right anywhere you put him, but when he came to the foot of a hill you would find him there every time." The deal was made, and the first time he came to the foot of the hill the horse balked, and would not move from his tracks. Just then the seller came along and the now irate driver reminded him of his words in praise of the horse. "Well," he replied, "I told you when he came to the foot of the hill you would find him there. He is there and I'd like to see you get him out of there." Sometimes when the horse is known in a neighborhood attempts are made to disguise him in order to work him off on the unsuspecting neighbors. This is done by clipping, and making artificial harness sores, and coloring parts of the body to conceal natural markings.

Bishoping the Mouth.

This is an old trick. It is sometimes resorted to in order to make a colt appear a year or so older than he really is; but as a rule the object sought is to make the mouth of an old horse appear like a young one. This is effected by a system of dentistry in which special tools are used, but in effect it is simply filing or changing the form of the teeth, and staining or coloring them to match the natural mouth of a young horse. It is often effected with great skill; and may easily deceive a close observer.

Veterinary Tricks.

It is not the purpose of this chapter to go into the general treatment of horseflesh, and the details of tricks in doping or fixing up diseased and blemished horses can be referred to only in a general way. Heaves, spavins, cribbing, navicular disease, and other blemishes are often treated so as to stop the symptoms for a time, but the effect of the drugs or treatment soon passes of and the buyer realizes too late that he has been stung. Where there is any suspicion of such treatment it will be wise to have the horse examined by a skilled veterinary.

The City "Gyp."

The countryman who falls into the hands of a city "gyp" and gets away without burned fingers is safe to go anywhere without a guardian. Their advertisements in the city papers are readily recognized by the experienced, but they are effective in interesting people not on to the game. A widow recently bereaved must sell her late husband's stables. You find a horse with a fancy name and a fast record. The "gyp" sizes you up, and decides whether to mark him up in the thousands or the hundreds from his estimate of your ability to pay and your gullibility. Many a $150 horse has brought from one to three thousand under this trick.

Of late years the "gyp" works more with the service horse, and the express company going out of business takes the place of the bereaved widow. If you get in the horse market section, the runners of these stables are likely to approach you and conduct you to their stable. Often you are shown a handsome pair worth double the price asked. You bargain for them and pay a deposit. When you call again an effort is made to get you to pay the balance before you leave the office. Then you are offered an entirely different and comparatively worthless pair. There are witnesses there to swear that this is the pair you bought, and if you make any fuss you are helped out on the street. You have no redress. The man who buys of these "gyps" must rely on his own judgment and be prepared to take a chance and bear the consequences, if he gets "stung." Then he would better get the horse in the street and hold on to him after the money has passed. The "gyp" may agree to send him to the ferry or deliver him to your home; in such cases, if you get a horse at all, he is likely not to be the one you bought. Of course, there are a few legitimate houses in the horse trade, and one of these is now trying to drive the "gyp" out of the business. Through co-operating with this firm, The Rural New-Yorker has been able to recover money paid by several farmers as deposit on purchases from one of the notorious crooks in the trade. Sometimes these "gyps" work off glandered horses on country buyers under the pretense that they have a common distemper or cold. The

State veterinarian condemns the horse, and he must be destroyed; the owner goes back to get redress, but the place is closed, and the seller cannot be located.

The Horse Company.

The trick of the horse peddler is to organize a co-operative company to buy a stallion for breeding purposes. The peddler goes into a town, canvasses the farmers, and induces them to subscribe for shares in the company under grossly exaggerated promises of profits and equally exaggerated claims for the breeding and value of the horse. When enough are signed up a meeting is called, and the company organized. Payments are to be made in installments, and the note is signed by each of the farmers going into the schemes. These are joint and several notes, so that each farmer is individually responsible for the whole amount. On this account the peddler may not be concerned if a number of the signers are not responsible, as the others make it good. There are cases on record where a $300 horse has been sold on this plan for $3,000, each of ten farmers paying the full amount of the horse for a tenth share in him. The fake pedigree is often a factor in these deals. A handsomely printed registry certificate and a long pedigree should not be accepted as final. There are fake certificates and fake registry associations. The Agricultural Department at Washington, D. C., should be consulted for authenticated registry associations.

Disguising the Defects.

In the horse auction rooms in large cities, stablemen stand around with long whips in their hands. The horse is led out in front of the auctioneer's stand by a burly attendant, and as he moves back and forth he receives a crack of the whip from the stableman. In this way the horse is kept in a state of nervous excitement until knocked off by the auctioneer, and does not show lameness or other blemishes that may appear on close inspection. Experienced buyers expect this trick and examine the animal before he comes out, or insists on an opportunity to do so before raising the bid, but the stranger to these marts is likely to bid blindly, or under the excitement of the moment takes a chance that he has later ample time to regret.

CHAPTER XIII.

THE BOOK AGENT'S TRICKS.

The Written Order.

Some publishers make a specialty of subscription books. These are usually sold in sets, but sometimes a single book is sold by subscription. That is to say, agents are sent out to sell the book or books payable in monthly installments. Your order is called a subscription. The trick in this business, which often amounts to a veritable swindle, is to get your signature on the order, and deliver the books. The contract is then complete, and the payments are collected monthly. These agents will make you any kind of a promise that will help get your name to the order. They will accept any special conditions you impose verbally. Apparently you can have it all your own way. You will be told that you can return the books any time after receiving them, if they do not suit you. Perhaps you don't want them all, but would buy one. All right; they agree to that. They will send you the one; you pay for it now. There is always a first payment down anyway. Besides, they will send you the whole set and you can examine them and keep your choice. "Oh, no, no trouble at all," you are assured. Besides, you may, in fact you are sure, to want more or all when you see them. "What is your address? Won't you just put it down on this blank correct, so that there will be no mistake?" He keeps on talking while you write the name and address on the blank of a folded paper. The next time you see it, the paper is unfolded, and you find you have signed a contract to take all the books, and pay for them in regular monthly installments. The total may be anywhere from $30 to $200. The popular price being $50 to $60. The books are delivered, of course, before you know anything about the contract. You never see the agent again. The collector is another man, and those you meet from then on rely entirely on your written contract. This trick is especially successful with women and school teachers.

The Agent Himself Tricked.

Some of the fake publishing houses trick the agents themselves into taking up their work. They never advertise for agents to sell on commission. They call for representatives or managers for special territory, to work by the month on salary. Sometimes the salary, $90 a month and expenses, is mentioned. Often they promise advances for expenses. Many agents actually enter the work under the impression that they are on salary. The contract is so cleverly drawn that it seems to say the agent gets a salary. What it actually says is that he gets a commission on the money he collects, and usually the agent is obliged to send an advance deposit as evidence of good faith and security for the outfit. It is promised that this will be returned, if you live up to the contract, but it is physically impossible to live up to the contract in every detail, and the deposit is usually kept in the end. Sometimes they tell you they want you as a manager of a branch office in your town, but you must work a month or so, or sell a given number of books before you are qualified. If you sell the books, and turn in the cash, the purpose is accomplished. The advance for expenses is a draft on themselves which they do not pay unless you turn in a definite amount of orders with cash. In no case do they ever pay a salary unless the commission on your sales amounts to the salary promised, and that does not happen once in a million times, if it actually ever happens. The same scheme has been used by fake concerns other than publishing houses. About all such concerns give the agent is an opportunity to fake your neighbors, and they insist on having the greater part of the plunder.

Cheap Jewelry Premiums.

An old trick of the book agent is to get up a list of books from obsolete plates, and offer them by mail with a most wonderful premium in the form of jewelry. Sometimes special inducements are offered for the first order from a neighborhood, and an attractive premium is returned. The purchaser brags of this and shows it to his neighbors. They also forward orders and the jewelry premiums that go back are of the class that may be bought in peck measures or by the pound at little above the cost of the cheap brass of which they are made.

CHAPTER XIV.

SWINDLERS OF ALL SORTS.

Looking For Cash.

Some years ago while on a business trip through Canada a fraud was attempted on me that was, I think, new at that time. A man, seeing my name on the hotel register, wired my wife to send $150 immediately, signing my name, giving a different hotel, of course, than the one at which I was stopping. At first she thought she must send the money, but before doing so communicated with the house for which I was traveling and was told it was a fraud; that if I wanted any money I would get it from my customer in Toronto, where I was. A few weeks later I heard that this same fellow put up the same game on the wife of a Detroit traveling man and was more successful, but was then under arrest as the result, with a fair prospect of "doing time."

Captain Rand's Magic Stones.

One of the silliest fakes we have been called upon to explain is a wonderful story of a Captain Rand. The circulars and advertising allege that while traveling in India this Captain Rand discovered a stone which has the power to cure sickness, reveal secrets, furnish work and make you rich. The cost is $1. It would hardly seem that any grown person was in danger of being taken in by such a fake, yet the story appealed to the imagination of some people, and from the persistence of the scheme it is evident that the promoters have taken in considerable cash. Of course, you find lots of smooth stones in any sand bank, and they will save you just as much pain, reveal as many secrets, furnish just as much work, and make you equally rich as any of the stones furnished by Captain Rand at $1 each.

The Spanish Fake.

A country friend sent us a letter from an alleged relative at the time confined in a Spanish prison. This was shortly after the Spanish war. The letter addressed to our country friend alleged that they were distant relatives, and the letter was addressed in terms of endearment. The Spanish prisoner, according to the letter, had been a Cuban patriot and had helped the cause of the people, but was pursued by the Spanish officials and was obliged to flee for his life. Before engaging in his patriotic work he had deposited his fortune, amounting to nearly a million dollars, with a bank in England. His only daughter he had placed in a convent in Europe. The Spanish officials hounded him from one place to another, and finally caught him and he was now confined in a Spanish dungeon, and his only confidant was a priest who was connected with the prison.

The officials had captured his baggage and were holding it for duty and expense. In a secret compartment of his valise he had deposited the securities received from the English bank, and so carefully were these securities concealed that it was impossible for anyone to discover them except when advised of the secret. Conditions were such that he had no hope of ever escaping from the prison himself, and his only concern was for his young and inexperienced daughter. He wanted her to be under proper protection, and would our country friend accept the guardianship of this daughter with her fortune and provide for her education and maintenance until she became of age, and then reward himself for his services out of the fortune, which was ample to provide for both him and the daughter. If so, the only embarrassment was a mere matter of a few dollars to release the baggage from the government, and if this would be sent—not to him, but to the priest whose address was given—the baggage would be promptly released and he would be put in possession of the bank securities.

The letter was sent on to us for treatment with the most feeling desire to do anything that might be possible for the protection and care of the poor girl, but with an unwillingness because of inexperience to attempt to become responsible for so large an amount of money. Of course, we recognized it at once as one of the well-established Spanish fakes, the only object of which was to get the remittance, which in this case amounted to some seventy-odd dollars. Of course, there was no priest involved in this transaction, but possibly a confederate, but the chances are the rogue assumed the name and address given by himself.

Fake from Alleged Miners.

The following letter was addressed to a farmer: "A stranger died here at the mine recently. Among his effects we found your name and address. We want to dispose of the things and close the incident in so far as concerns us. Send us $5 to cover cost of shipping and we will ship things to you to do with as you see fit. They consist of a trunk—it is full of clothes—suitcase, handbag, watch and chain and photographing outfit. We stood all the expenses of his burial. We feei we have done our part. This is our busiest season at the mine. We have already devoted much valuable time to this matter. We ask you to answer at once. Just enclose $5 bill in a letter and mail same to us. We will assume the risk. Say all in first letter. We haven't time to engage in a correspondence. Answer at once. Address, ————

P. S.—We are 28 miles from our post office. A registered letter or post office money order would cause us a two-day trip to town. Do not send either. Just enclose bill in letter. We will get it."

Names and addresses are omitted. This is a modification of the old Spanish swindle. Of course, the intimation is that there is considerable of value in these effects and the rogues expect that the cupidity or desire of the correspondents to get something for nothing will induce them to mail the $5 bill. If once mailed, of course, that is the last that will ever be heard of it. Registered letters or post office orders do not afford a means of remittance that is attractive to the ordinary crook.

Confidence Commercialized.

It is the custom of the farmers of Nicholas County, West Virginia, to attend the first day of court at Summerville in order to attend to any business and to see the people generally. Just after noon on this particular time an oddly dressed man with long curled hair got out into the middle of the street and invited the people to listen to him. He first showed them a few tricks of sleight-of-hand. Then explained to them that this was a deception, that he did not do what it appeared that he did. This was to get the people interested and capture their confidence. He then announcd that he was an advertising agent and went on with a harangue as to advertising methods. He proposed to give away a few samples of his three different remedies. He said that they were absolutely free, but he would require a small deposit to secure himself against persons that would take a gift, but would not buy, so he required a deposit of 25 cents on his first remedy, with a promise to give their money value as soon as he got through distributing the first remedy. As soon as a dozen or two of the remedies were distributed he gave back the 25 cents. When he came to the second remedy he required a deposit of 50 cents with the promise of a gift for their money as soon as goods were distributed. The people expected a trick, but they expected it on the third remedy. He put the money in his hat as he took it in and promised the present right out of his hat. He took in perhaps $100 on his second proposition. When he got all the money he could on this, he said that he would give them the present out of his hat as he had promised, but he must put it in first. He stowed away his money, put a double handful of very small pieces of soap in his hat and began to distribute his presents, which he said was his third remedy. He distributed the soap, stepped down and out, carrying from $100 to $200 of the people's money with him for practically nothing. The people began to open their boxes and found them stuffed with rotten wood, paper, etc., instead of medicine.

The Work-at-Home Swindle.

Of all the fakes it is probable that the work-at-home petty swindle is the most contemptible. These concerns deliberately set about a petty swindle of invalids, cripples and people enfeebled by old age. The inducement is a promise for work at home for which they are to receive pay. The real object is to sell these people some worthless kind of material that would not be purchased by anybody except for the inducement of employment and reward for the work. Sometimes it is making aprons, at other times the making of shields and various wearing articles of small value. Sometimes the offer is made for decorative work on china or plaques, copying letters and collecting names and addresses. The victims are required to send a small remittance, varying from $1 to $5 in advance for the material, and with the assurance that when the work is finished and returned the original price together with the pay for the work will be refunded. The goods are usually sent in response to the remittance, but that is the last the victim ever hears of it, except in some cases a request for a second remittance is made under the pretense that the first work was not entirely satisfactory, but that it showed enough talent or ability to warrant another attempt. The object is to sell the material at a big price, and they are never known under any circumstances to pay for the work. The Post Office Department has been after some of these concerns and have closed a good many of them out.

A Spectacle Fake.

The spectacle fake is worked by agents in this way: The agent appears at the door and asks for Mrs. Blank or Mr. Blank, as the case may be.

He asks: "Did you get my letter?"

"What letter?" you ask.

"Why, the letter I sent you a few days ago," he replies.

This opens the conversation and puts him on intimate terms with you. Then suddenly he remarks:

"My dear Mrs. Blank, what ails that eye? You are certainly getting a cataract. Let me fit you with a pair of cataract glasses."

In one case reported, after making a sale to Mrs. Blank, another agent appeared and worked the same story on Mr. Blank, but when he got as far as the suggestion to sell a pair of cataract glasses he was told that the trouble in the eye was a growing desire for the agent to make himself exceedingly scarce in that neighborhood, and he did. These traveling fakers charge any price they can get for the glasses from 50 cents to $1.50 for spectacles that they buy by the gross for about 12½ cents a pair. The money loss is not so important as the consciousness of being stung, and the further calamity of using glasses which are not suitable and increases the trouble which glasses fitted by a competent oculist would correct and fit.

The Piano Prize Puzzle.

Some day you may see an advertisement in your local paper containing a puzzle. You are told if you unravel the mystery or solve the puzzle you will draw a prize in a piano contest. Of course, the riddle is very simple and you unravel it quickly to your satisfaction. So does everybody else, and everyone who answers the advertisement gets back the advice that he or she has won the prize. The prize will run from $100 to $300 in value, and sometimes a check for the prize money drops out of the letter before your astonished eyes. On close inspection you discover that the check is drawn on a piano company and is good only for part payment on a piano. If you call at the salesroom of the company you are probably told that it will be accepted as a $200 payment on a $500 piano. Of course, the trick is to make you think that you are getting something for nothing or some reward for your skill in guessing a very evident riddle. The truth is, if you bite on the bait you will probably buy a piano that the company are perfectly willing to sell for $300, and possibly if you had approached them without any riddle contest with $250 or less in cash you would get it.

The Change Trick.

This trick has been successfully worked on many small storekeepers on the Pacific Coast, and might apply equally well to anyone who has goods of any kind to sell:

Two well-dressed men enter a small store and one of them makes a purchase of some article for 10 cents, tendering a $10 piece in payment. As the clerk lays down the change on the counter, usually $5 in gold and the balance silver, the man remarks, after fishing in his pocket, that he finds he has a 10-cent piece and would the clerk kindly give him a $5 gold piece for the silver, as he doesn't care to carry all that change. The man being a little slow (purposely) in producing the 10-cent piece, the clerk obligingly turns to the cash drawer to get the $5 gold piece, leaving the change on the counter. As he does so the man lays down the 10 cents and pockets the gold, at the same time holding his hand over the silver. As the clerk returns and lays down the $5 piece asked for the man shoves the silver over with it and requests the clerk to give him back the $10 gold piece. The clerk does so and puts the change back in the drawer. While all this is going on the second man keeps up a conversation with the clerk, asking the prices of various articles in order to distract his attention from the trick. The men then quickly leave the store and the clerk, having all the time had a hazy idea that something was wrong, suddenly realizes that he has been swindled out of $5. Had he put the silver in the drawer before producing the $5 piece it could not have happened. This trick is so cleverly performed that it might easily deceive anyone not thoroughly on guard. The safe rule in making change is to always get the other fellow's money first and then give the change.

Free Offers.

When you see an advertisement of anything absolutely free, make up your mind that some one is trying to deceive you. If any philanthropic gentleman has anything of value that he really wants to give away he does not need to spend money to pay for advertising to find people willing to receive those things of value. The free offer always has a string to it, no matter how skilfully disguised, and if you attempt to bite the tempting bait, sooner or later you will feel the barb of the hook.

The Subscription Pen Fake.

The agents of a cheap farm paper have worked the fountain pen fake with some success on farmers. The agent approaches you, hands you a cheap fountain pen and tells you to put it into your pocket. Then you are told it is a souvenir of their great farm paper. They are going to give you the paper, too, but they want you to pay the cost of the postage. If you fork over the cash all is serene. If you demur you have an argument on hand, and in some cases the farmer has been threatened with arrest because of having the pen in his pocket. During the Fall of 1911 this game was worked at fairs. At the Ohio State Fair in Columbus and the Michigan State Fair in Detroit complaint was made to the officials and the offending agents were put off the grounds, and in some cases were compelled to refund the money taken from farmers on the scheme.

The "I Trust You" Fakes.

At the time the mail order papers were flourishing a large number of fake advertisers sprang up under the classification of trust advertisers. They were so called because they delivered the goods on trust, or without advance payment. Next to the publishers who, knowing their tricks, carried the advertisements, they were about the meanest class of crooks that preyed on the confidence of the public. They sold perfumeries, household utilities and novelties, and things of that sort of trifling value. They could not be marketed on their merits, so these concerns advertised to induce women and children to receive the goods and sell them to their neighbors. The advertisers promised to send a valuable premium or prize to the selling agent when the cash was returned by the agent in payment of the goods. The articles usually retailed for about 25 cents, and a dozen or two was about the limit of the shipment. The pith of the scheme was that the women or children could sell a 25-cent article to neighbors and friends without regard to the value of the article. Oftentimes the goods were shipped on the first inquiry without any order at all and without the consent of the agent.

In many cases, of course, the person receiving the goods, either after ordering them or without an order at all, got discouraged at the idea of peddling them and no sales were made. Others sold a few and had the rest on hand. Still others sold the whole shipment and returned the money, but never got any prize or return for the work. In cases where the premium was sent it proved as worthless as the goods. When the goods were not sold or sold only in part and no return made or money sent only for the amount sold, the concerns followed up the agent with a series of letters demanding remittances in full for the goods and threatening prosecution if money was not sent at once. Many became frightened and sent the money. Parents, knowing that their children had no benefits from the goods, yet unwilling to have any fuss about it, would send the money to avoid the threatened annoyance. Sometimes the accounts would be given to a collection agency for collection and letters would be sent having something of the form of a court order to frighten the people into making the remittance. One shameless St. Louis publisher actually organized a collection agency as an adjunct to his papers to force these women and children to pay such claims. Of course, he was careful that the reader saw no connection between his papers and the collection agency. But the whole effect was a conspiracy with the advertiser to help swindle the readers of the paper, first by allowing him to run the advertisement, and then by threats and browbeating to frighten them into paying for cheap goods that were at best sent only on consignment.

The Razor Consigned.

The "I trust you" fake was developed so that razors and other things of the kind would be sent to a carefully selected list of names, with instructions to try it, and, if satisfactory, return the price; if not satisfactory, to return the razor. Of course, you were expected to pay return mailage on the razor or other article. If you did not return promptly, you got a series of threatening letters, and finally a threat from an alleged lawyer, probably a $10-a-week clerk in their own office. One farmer wrote one of these concerns to send him $2 for packing and he would return their 25-cent razor, otherwise come and get it.

Philosophers of the Living Fire.

An attempt was made some years back to collect $3 for initiation in this cult. The purposes were more or less indefinite, but there was no doubt about the $3. That was expressed in very straight and simple language. Otherwise there was a lot of hysteria about "inner circle," "sacred manuscripts," "true mysticism" and "magical secrets." As a special inducement you were to be appointed one of the "Rabboni," with power to initiate others. How much and how many dues were to follow the $3 initiation we do not know. The literature emanated from Union City, Mich., and bore the name J. R. Barton, D. O. It professed to be a mystic brotherhood, but was material enough to need the $3.

The Patent Agent Fake.

Rogues usually play on the cupidity of their victims, but they are not at all technical about it. Your vanity suits their purpose quite as well. You may be an inventor proud of your production. They tell you they can find a market for it. No matter what it is nor where filed, they will promise to sell it for you. You must state your price and agree to allow them a fair commission when the sale is made. You are also required to state how much cash you will require and other details. All of which must impress you with the thorough business methods of your agent and inspire you with confidence and hope for future opulence. Finally, and just incidentally, there is an advance fee of $2 to be paid down and allowed out of the commissions when the sale is made. You may not know it, but that $2 is the keystone of the whole elaborate structure. Many a man has handed over his $2 cheerfully and hopefully, never to hear of it or the plausible patent agent again.

Time Buyers.

Men working for a salary on railroads or for other large public institutions often find themselves short of ready cash before pay day. This condition has developed the "time buyer." That is to say, the workman approaches the money lender for a loan. As security he gives an assignment of his time or wages to the lender. Interest is charged by the month, and not less than 10 per cent. per month. Once in the clutches of these "loan sharks" it is difficult or impossible for the workman to escape. The first loan may be for $10 or $15. A payment is made at the end of the month. Possibly a little more is borrowed during the month. Interest accumulates, and month after month the victim of avarice finds himself deeper and deeper in debt. Many of the companies have a rule to discharge employees who assign their wages. The money lender understands this, and by his connivance the workman collects the wages he has assigned. He is then subject to arrest for deception and fraud on complaint of the money lender, and also subject to discharge if the company discovers his violation of its rules. This predicament compels him to submit to any conditions the money shark may exact. He is kept in a state of continuous indebtedness, and is obliged to make monthly payments to the limit of his resources. The workman in such a plight is reduced to a condition of slavery worse than anything that was ever known in the days of legalized human traffic.

The Mississippi Scheme.

At the time the South Sea Company was under way in England, John Law, a Scottish financier, promoted a similar French company. This company was also to take over the indebtedness of the French Government under Louis XV. It was to develop the resources of Louisiana and the French territory bordering on the Mississippi in North America, and had a monopoly of trade with this territory for 25 years. It also had control of the taxes and of coinage of money. At first it issued 200,000 shares, and the prospects were so encouraging they were eagerly bought up. Later the company secured a monopoly of French trade with the South Seas, China and East India, and 50,000 more shares were issued. But there were at least six buyers for each share and the shares rose to an enormous premium. In the meantime the French country had been flooded with paper currency under the inspiration of Law. Many of the shrewd financiers, anticipating a crash, secretly converted their stock in the company and paper currency into gold and shipped it out of the country for safe keeping. A general run on the National Bank followed and attempts were made to ward off a crash by drastic laws, reducing the value of shares in the company and forbidding the sending of gold or silver out of the country. Finally in 1720, about the time the English South Sea bubble burst, the National Bank of France suspended payment, and Law, who had become Controller-General of Finance, was obliged to quit the country. The people had been inspired to a frenzy by the glowing prospects of the company, and bought stock at fabulous prices. An investigation followed, but the people lost their money.

The South Sea Bubble.

In the early part of the 18th century the South Sea Company was organized in England for the alleged purpose of extinguishing the national debt. The company was to assume the debt, which at the time amounted to £10,000,000, on the condition that the Government would pay the company £600,000 for a number of years and grant it a monopoly of the South Sea trade. It also entered a contract to supply the Spanish-American colonies with slaves. The directors advertised the prospects of the company with great skill, and the stock on these speculative prospects increased to 10 times its face value. The president and many of the principal directors then sold out. The public then became suspicious and the crash followed. It is one of our first conspicuous records of stock sales to the public on mere prospects—promises without assets. The schemer of 200 years ago seems the same as the stock promoter of the present time. Both issue stocks on promises, both get away with the cash and leave the stockholder a helpless victim.

Fake Formulas.

When the potato bugs first threatened the total destruction of the potato, and before the sprays for their extermination were adopted, some smart city chap advertised a formula which was guaranteed to destroy the pest. The cost was $1. On receipt of the dollar, he sent back the following instructions: Take two pieces of wood about 3x4 inches and perfectly smooth on one side. Hold one in the left hand, smooth surface up. Place a bug on this, then place the other piece of wood, smooth surface downward, and press firmly. Remove the remains of the crushed bug, and proceed until the bugs are entirely destroyed.

About the same time an advertisement appeared in a cheap class of papers offering to send a sure secret for making a fortune. The cost of this also was a $1. You sent the dollar and got a prompt reply: "Work for it, you fool."

Of course, these things would no longer be tolerated in so frank a manner; but the country is full of gunners, who yet have formulas and secrets to sell at from $1 to $10 and up. In some cases they are offered by cranks, who apparently think they have discovered some valuable secret and are anxious to relieve mankind or enrich his fellow-men at so much per; but the rule is that they are pure and simple fakes. In any event the result to the patron is the same—money lost.

The Clothing Swindle.

In the early days of the clothing fake, an agent called, and told you a very confidential tale of how he was traveling to advertise the goods of a large house in Chicago or some large city at a distance. In order to advertise the goods he would sell a piece of cloth at less than wholesale price, usually enough for two suits and another piece for an overcoat. The price included the making of the garments. A first-class tailor and his assistants was following him right along and would be at your place the next week.

He would sell only one or two families in a town; and was anxious to sell you; but some one else would get the benefit if you declined. He usually got away with the money, and in these early days of the scheme, no tailor ever showed up.

Of late ladies' material has been added to the supplies. Otherwise the scheme and the story is much the same, except that no cash will be accepted, you must give a note for the goods, and call at the next town or possibly at the county seat to be measured and have the clothes made up. In this case the tailors are there, but you find that you must pay extra for lining and trim. You usually pay a good stiff price for cheap stuff. The garments are hastily made without a fitting; and when you receive them they do not fit. The women's garments are especially bad, and usually it is impossible to wear them with comfort, if at all. Attempts to return them and have them refitted are useless. You get no satisfaction whatever, and you finally realize that after a lot of trouble and expense you have a suit of clothes cheap in quality, poorly made, and ill-fitting. You have paid more than a satisfactory suit would have cost you in your own town. Besides you have bought more than you actually needed at the time. One such experience will be all you shall need; but the combination of annoyance and expense will last you a lifetime.

The Soap Fraud.

Some day a sleek looking gentleman with a large ring on his finger and a diamond in his scarf pin, drives up to your door. He spins off some very plausible story. He has the most wonderful soap in the world. He wants the people to have all the benefits of it, and it is so much better than the soaps you know and use, he wants you to have a package. Just for advertising purposes, he wants to sell a few in each place. He would not sell to each family. Oh, dear, no. He has learned of your prominence and influence in the town, and is very willing and anxious, indeed to sell to you. The box usually contains two or three grades of soap, cleaning powder, perfume, and possibly other things of trifling value. The price of the soap may be $3.50 or some such amount; and there is a premium to go with it which is really worth more than the price of the soap. Of course, you just pay for the soap now, and the premium comes the next day. The premium promised may be a valuable piece of furniture, a large carpet, or other article of real value. You pay your money, and look for the arrival of the premiums, but you have a long wait. Some who read this have probably been waiting 15 years or longer. The premium never comes. The swindle has been worked for years, and always seems to find new victims.

Interested Free Advice.

A New England publisher seems to merit the distinction of originating the slickest scheme yet devised to get money from the unsuspecting public. His latest scheme is to sell some paper certificate for $15 which entitles you to one of his papers for life, and also entitles you to a privilege of sending him more money later on for other paper certificates. But most astonishing of all—and here is where the originality of the scheme comes in—you are entitled to free information on investments! Of course the free information advises you to invest in his own paper certificates, not a single one of which has a fixed market value, and some of which are as near pure water as you can get without a filter! For a publisher to set himself up as the financial adviser of his subscribers, as a condition of buying a $15 certificate, and then influencing him to buy his own inflated stocks, is getting about as close to the confidence game as one can go without steelyards.

The Sucker List.

Originally sucker lists were made up by buying the names and addresses of people who had answered a fake advertisement and sent on their money. The names were rated in value accord- to the promptness in giving up. If you send in the dollar with your first. letter, you went on list A. If you showed more caution and wrote for more information and then fell for the game, you belonged on list B. When it took several letters and the greatest inducement to extract your dollar, you belong to list C. and if your correspondence results in no remittance you belong to class D. List A usually sells for more than $100 a thousand names. Those who reply to patent medicine advertisements are considered good names for these lists, and command good prices.

The get-rich-quick schemes have created such a demand for names, they are now picked up from directories and any possible source. The sucker lists explain why the same people get caught on different schemes. When the names were all secured from replies to fake advertisements, to be on a "sucker list" was considered a reproach. But no one is safe from these lists now; consequently it is no longer a reproach to find one's name on them. It may be and often is there against one's protest.

The Guarantee Fake.

In certain classes of modern advertisements found for the most part in a cheap class of publications the positive guarantees have largely taken the place of the "absolutely free" fakes of some years back. Those who answered the "free" allurement soon found that there was nothing free. They had to pay dear for anything they got. Those who put their reliance on the "guarantee" often find that a guarantee is no protection when the concern making it is not responsible or when financially responsible concerns, living at a distance, choose to repudiate the guarantee or quibble about it. The guarantee may seem to protect you, but in many cases it is made simply to win your confidence and disarm your just suspicions. You send the money, and get the goods but if anything is wrong or unsatisfactory, you find that the guarantee did not mean what you thought it did. The correspondence now puts an entirely different meaning on it. In other words the concern tries by the careful marshalling of words and sentences to make the guarantee absolutely protect you before the sale is made. After trouble begins and he has your money, the language is now direct, and you get an entirely different understanding of the guarantee, if you accept the new interpretation. There is a before and after picture. Of course, it must not be inferred that every house that guarantees its goods repudiates its obligations. Many houses never question the customer. If the goods do not suit, return them and get your money or other goods without question. It is only the concerns which resort to trickery that we are now concerned with, and we want you to realize that such concerns do not protect you merely by using the arguments of responsible houses. The reliable house lives up to the promise; they do not. The reliable house may give you a simple assurance; the shady concern will develop the guarantee as if it were the most important part of the whole transaction. The rogue will always make bigger promises than the honest man for the very good reason that the latter knows he must make good the promise, while the former has no intention of doing so. The lesson of it all is to be suspicious of extravagant promises and to insist on a satisfactory rating or reference for any house before trusting them with remittances or goods. That is a mere matter of business prudence, and only what they would require of you under similar circumstances.

The Lightning Rod Agent.

The old lightning rod swindle was a clever scheme to get your signature to a note, under the pretense of taking your order to put up lightning rods. The note was transferred to a third and presumably innocent party, and was collected. The last trick is a more modern treatment. The agent is just going around to advertise the business of a large house, and wants to put up a protection rod for your buildings as part of the advertising scheme. The price is nominal, about one-tenth of the regular price which your neighbors will pay after the advertising is completed. It looks like a snap and you sign the order. When your lawyer comes to read it, he finds the price agreed upon marked plainly enough, but a further reading of the contract shows that you have also agreed to pay fixed charges for wires, insulation material, etc., and that when these are all counted in, your bill instead of $25 will be something in excess of $200. If he goes ahead and puts up the work, you cannot escape payment. When the trick has been discovered before the work is done, and they are promptly and firmly directed to pass on when they show up with the material, we have never heard of any further annoyance. The trick is in getting you to sign the contract under the impression that you are getting a bargain. The definite price for part of the job helps the deception.

Correspondence School Schemes.

There may be a correspondence school conducted as an exclusive business somewhere which does not resort to misrepresentation or trickery in securing pupils or in conducting its work, but if so, we have not come in close contact with them. The extension courses and instruction through correspondence by agricultural colleges do not come under this head and need not be considered here. Individuals and firms sometimes give instruction as a means of developing their regular business. Some of this is very carefully prepared and very helpful. We do not include them when the work is legitimate; but not all of these are to be trusted. One must discriminate. Better no education at all than false teaching. Nothing is more subtle or more dangerous than the sophistries of teachers of error. There is no doubt that helpful direction may be sent through the mail to students who take up a course of reading or study at home, and it is possible that any of the schools do some good for some individual students. This may be a mere incident. Anyway it is no reason why others should suffer. The best of these schools as we have found them represent possibilities to young men and women who are in no way qualified to take up the work. The agents of the school approach these young people and make them dissatisfied with the work they are capable of doing, and lead them to believe that the course will qualify them for other work and bigger salary. The school gets the contract and the first payment or two. But the course is not and cannot be pursued, and then comes the dispute about payment for the whole contract.

Some of the schools guarantee to teach music by mail. A bright pupil with musical talent may persevere and acquire some proficiency. She would get the same from the directions in any modern book of musical instruction and the perseverence in practice. But the average child needs the personal guidance of a teacher, and makes no progress without it.

One of these schools promises to teach drawing. The advertisement calls for the reproduction of a figure in the advertisement as a test of talent. The replies are from printed letters prepared months before the child submitted the test; but she is praised to the skies in this printed reply made to look like a personal letter. She is told that she manifests such extraordinary talent, the President has taken a personal interest in her. It does not say that the personal interest is in her remittance for the tuition, nor that the same interest is extended to every child who submits the test drawing. Of course they play on the hope and indulgence of the parent and the vanity of the child to draw the remittance.

Another teaches railroading and guarantees a position when the course is finished. But the positions do not materialize, and the guarantee is not made good, if at all, without pressure from some source more powerful than the student. They promise the position as an inducement to get the fee.

In Washington a concern proposed to teach the real estate business, and promised the graduate some sort of a business in his own town after he had completed the course. Of course the promise was intended to clinch the remittance. We failed to find any one who ever profited by it.

In Canada a concern proposed to teach veterinary science by correspondence, and a diploma was promised on completion of the course. The whole thing was a fake. They did not say that the diploma was not recognized in any of the States, and that it would be worthless. The person who held it could not practice lawfully. He would be in the same position as any other boy who read a few books on the subject.

In New England a concern assuming to teach agriculture affiliates itself with one of the most notorious crooks and swindlers of country people who has been known in modern times. In its catalogue and literature it lists the names of well known agricultural teachers connected with agricultural schools. The students expect that these qualified instructors correct their papers and conduct the work. As a matter of fact this work is done by the students in the schools and not by the teachers. But if this instruction in itself were faultless, in effect it would be a danger and in essence a crime. The real purpose of that part of it which goes to the patrons of the crooks is to allay suspicions and establish confidence so that they will the easier become the victim of his "frenzied financial" schemes. Who would dare suspect a philanthropist? or who would so readily give up his or her savings to his get-rich-quick schemes as one who had received educational benefits at his hands? A school weak enough to be innocently led into such an alliance is hardly safe to be trusted with the intellectual or moral education of young people. A school base enough to knowingly make the unsavory affiliation is a danger greater than pestilence or famine.

Profit Sharing Schemes.

These are usually corporations or holding companies organized to take over the business of several small companies in the same line of business. The capitalization is usually divided into common and preferred stock, and bonds issued. Sometimes the several small companies are taken over in exchange for stocks or bonds, or both, and occasionally some cash. When the preferred stock and bonds are offered to the public a bonus of common stock is usually given as a bait. Of course, great promises are made for the profits to come from the stock, sometimes promises as extravagant as 1,000 per cent in profits are made. Dividends may be made while the paper certificates are being sold; but they soon stop; and the next proceeding is a receiver, provided there is enough left to make it worth any one's while to pay a lawyer to make the application to the court.

Hole in the Ground Capitalized.

The promoters of mining companies secure an option on a piece of land within a mining territory, or buy it subject to a mortgage, and make payment in stock of the company. If a little ore lies under the surface, an engineer tests a sample, an estimate of the product is made, and the profit based on the acreage under option is figured out in dollars and cents. The company is then incorporated for several millions dollars in Maine, South Dakota or other States which allow corporations to issue stock on wind or prospects. The whole outlay in cash may not exceed $50 for lawyer and blank books. Then the stock is advertised in papers that accept such schemes, and a "sucker list" is secured either through a broker who makes it a business, or if a real fresh "sucker list" is thought best, bank clerks are bribed to furnish lists of depositors. If stocks sell well, a number of men may be sent to dig a hole, and then daily telegrams are received at the selling office telling of the wonderful ore strikes found. If cash comes in quite freely a dividend may be declared, and investors will want more stock and influence friends to come in. Besides a dividend is a great argument for the sale of stock. At the outset the stock may be sold at 10 cents per share, but warning is given that the price will be advanced. When the dividend is declared the price will probably be advanced to 20 cents, but those who have heretofore hesitated, will have 10 days to come in. They usually come. Now the digging has assumed some proportions, and the mine is "salted." That is, large quantities of real ore, whether gold, silver or other metal, are distributed at the mine entrance. Then an excursion is run out to the camp, and everyone who puts up $1,000 or so for a real nice certificate is taken and expenses paid. Those who go are used well, and seeing the large quantities of genuine ore and knowing nothing of mining, they are delighted and return to tell their neighbors of the greatest mine in the world, and the only opportunity ever offered the plain people to get in on the ground floor of a bonanza mining proposition.

Every mining scheme does not run through all these stages, but thousands of mining companies have gone through most of these steps. Postmaster General Hitchcock estimated that $50,-000,000 had been lost in this way during 1910.

Oil Companies.

These schemes are worked on the same plan as the mining schemes. See article under "Hole in the Ground Capitalized." Substitute oil for ore and you have the whole story. Teachers and other salaried employes make up a large portion of the "sucker lists" used by these promoters.

Gold Bricks.

Like the green goods game, the gold brick trick depends on the substitution of a worthless article for a genuine one. The dupe is told that a chemist has discovered the process of making gold. He finds himself in the den of the swindlers, and is obliged to wait, while another alleged customer buys a gold ingot. Then he gets the tip to follow the new customer to a near-by jewelry store, which he does, and hears the jeweler give its value. It is a genuine gold ingot and the customer is one of the swindlers. The dupe returns to the den; and buys the ingot for one-tenth of its value. It is then put into a small grip or a japanned box, and in either case a similar receptacle with an ordinary brick is slipped in place of the one containing the real gold. The victim goes off with his burden and realizes that he has been swindled only after he has an opportunity to examine his gold brick.

The Green Goods Game.

The green goods men get names and addresses from patent medicine concerns and brokers who have "sucker lists" for sale. Confidential circulars are mailed to these names explaining that an ex-government engraver is making counterfeit money just as good as the genuine, and to distribute it $3,000 worth could be had for $30 or other amounts in proportion. If the dupe answers he is sent a sample $1 and is told to test it on his friends. In reality they sent him a genuine $1 bill. This induces the dupe to visit the den of the counterfeit gang under direction and great secrecy, in some town near a large city. There he meets three expert swindlers. He is shown genuine greenbacks. He selects the number he wants to buy. They are tied into a package and placed in a japanned box, which is then locked by one of the swindlers. The dupe's attention is then diverted. His eye may be off the box only for a moment, but long enough for one of the gang to slip another but similar box in its place. The dupe is furnished with another key which does not fit, and he is impressed with the importance of secrecy and warned not to open the box until he gets home. When he finally forces open the box he finds packages of green paper bound into packages with a genuine bill on top. Then he realizes for the first time that he was swindled.

Of recent years the dupe is directed to telegraph to avoid use of the mails, and amounts as high as $10,000 are involved. This is worked on country bankers and some of them have fallen into the net.

In the latest development of this game a Long Island farmer reported that he was enticed into a place and shown a machine which was supposed to turn out the money. They put some genuine bills, strips of paper and linen, cut into size of bills, all into the machine. The machine started, and a package which looked like real money came out. It was for $10,000. He gave the gang $900 and took home his $10,000 package, only to find it contained nothing but neatly cut and bound pieces of linen. The machine was worked three years before it was captured by the government agents, and the owner had taken in $100,000 from the dupes.

Tying the Hands of the Dupe.

The United Wireless Telegraph Company illustrates a popular trick in the sale of stocks. It was an amalgamation of several other companies, its stock being exchanged for stock in the other companies, but it was provided that the old holders could not transfer their new stock to others for three years. For this reason it could not be sold. The officers then voted themselves large blocks of the stock for services and this was sold, the officers pocketing the $4,000,000 received. Only about $400,-000 in cash went to the company itself. The essence of the trick was in providing that the stock could not be re-transferred in three years. Otherwise the stock outstanding could be sold. This provision simply gave the promoters a monopoly of the sales. The scheme resulted in the arrest of the promoters, and most of them were sent to prison.

The Pocketbook Game.

Usually two men work this trick. One drops a fat pocketbook. The other picks it up, just as you approach. He seems confused and annoyed that you happen along; but, seeing that you are in it, he proposes to divide to keep you still. He seeks a quiet place and, examining the contents of the pocketbook, finds $100 (in counterfeit bills), some brass rings and other trinkets. He has no change. He is in a hurry, and proposes that you give him $25, take the whole thing, and let him off to keep his engagement. You think it a snap to get $100 and other valuables for $25; and the swindler pockets your good cash and leaves you with the worthless contents of the pocketbook. Sometimes the crook works alone. He drops the pocketbook and waits for you to pick it up. He then runs up; accuses you; threatens to call the police. The victim will often pay $5 or more to influence him to keep still, or at least to get out of the embarrassment.

Medical Fakes.

Concerns that advertise a positive cure for consumption, kidney disease, deafness, catarrh, cancer and other constitutional and fatal maladies may be put down as fakes at sight. These cold blooded frauds exploit the misfortunes of the people. They follow their victims to the very brink of the grave to exact the last tribute of lingering hope. Their promises of relief often keep a sufferer away from a family physician, and thus sacrifice a life that might have been preserved under proper treatment.

Collateral Sold Out.

In the Summer of 1910, a loan agent contracted with a borrower for a loan of $50,000 on a note secured by $110,000 worth of listed stock as collateral, the borrower being led to believe that the Windsor Trust Company was to furnish the money, and hold the note and collateral. The agent arranged with the trust company to clear the loan, paying $1,000 for the service, and the deal went through. The Windsor Trust Company then handed over the note and collateral to the agent, on payment of $50,000; and a few days later the borrower found that his particular certificate of stock was sold on the open market. He went to the Windsor Trust Company with the money to pay the loan, and demanded his note and stock, only to find that the trust company did not have them. Several parties were mixed in the transaction after that, and it was difficult to place responsibility; but the stock was sold for $94,000. The $50,000, representing the original loan was deducted and the balance of $44,000 divided up among the operators in proportion to their various interests or importance in the game. The borrower, of course, lost the difference between the $50,000 received on the loan and the $110,000 value of his stock, which left him $60,000 to the bad. His only recourse was a civil suit against an agent or broker who may be and probably is execution proof. Others besides this borrower have been victimized the same way. To defeat the scheme it would only be necessary to demand a receipt from the Windsor Trust Company for the return of the stock on payment of the note. This precaution should be followed in all cases where securities are deposited as collateral.

The Policy Game.

The policy game consists in betting on the drawings of a set of numbers, which are sometimes drawn fairly, and sometimes not, but always the chances of winning are against the player, and for that reason the odds are high. The game is played in this manner: The numbers from 1 to 78 are thrown together for a drawing on the morning and afternoon of each day; the player attempts to name one or more that he thinks will be included in the 24 drawn each time; these 24 numbers are drawn on two slips, with twelve on each slip; the player usually tries to call three of the numbers, called a "gig"; if he finds all three numbers on the two slips he wins 100 times the amount of his bet. There are many complications in the betting, which vary according to the cities in which the game is played. Because of the fight against policy waged by the authorities in many cities the operations of the game are conducted secretly, and in order to find a place to play one must know a "runner" or "writer" for a game. The writer goes among the patrons of the game carrying a book made of carbon sheets and thin oiled paper. Here he records the numbers selected by the players, and when the bets for a drawing are all in he sends in one sheet to the backer of the game and keeps one for himself. After the drawing the policy "runner" goes back among the players with the list of lucky numbers. In this way he stimulates the gambling spirit, and secures more ventures and more money. The late Al. Adams, who was called the "meanest man in New York" by the judge who sent him to Sing Sing for running policy games, became a millionaire because he was not contented with the chances of beating the players even with his advantage when actually drawing the numbers. He waited until the sheets were all in, and then picked the 24 that had been guessed by the fewest persons, and which would require the smallest outlay of cash from him. By this means he was able to keep nine out of every ten dollars received. At present the country is parceled into five districts and a syndicate known as the "Big Five" operates all the games. To defeat the law these gamblers conduct their operations in cipher, and drawings are held outside of the State. In order that no heavy bettor may win, all bets of $10 or more must be telegraphed to headquarters. This is called "sending a steer." The criticism of the court on Al. Adams was largely due to the fact that women and children were drawn into the game under the vain prospect of winning in a game where the regular chances were not only so much against them, but where even that chance was denied them by his inside manipulation of the numbers. The superstition of the people is appealed to in this game. They are encouraged to believe that certain numbers are lucky for them. But, of course, the whole matter is so arranged and manipulated as to give back just enough to keep the game running, while the manipulator holds on to the bulk of the money. Just before his death, or suicide, Al. Adams, the policy king, sold at public auction nearly $2,000,000 worth of choice real estate in New York City, and he did not sell all his holdings at that. Policy players made him a present of this property.

The Lost Heir Fake.

Some day you may get a letter from an attorney saying that he is looking for heirs to an estate valued at millions. He has reason to believe that you are a relative of the man who recently died intestate in a foreign country and left this large estate. His name was the same as yours. He probably suggests how you may prove your relationship and come in for a share of the estate. He is working mostly on your cupidity, or your willingness to get something which does not belong to you. But, of course, he succeeds in many cases in inducing people to believe that possibly there is an honest claim. No matter which line he approaches you on he gets you interested and in correspondence. The prospects improve with each letter, and in the meantime he is getting into your confidence. So far he will tell you he has borne all the expense himself, but now he can go no further until you put up a fee for his services and a check for his disbursements. There is where you get the secret and the trick of the whole scheme. The ways of approaching the subject vary; but you may recognize the trick in the essential features—a strange lawyer, a big fortune, a lost heir, and most important and certain of all, a remittance from you.

Profits in Failure.

The theory of our bankruptcy laws is that when a man fails in business he should have another chance to begin all over again. So the law provides that he may give up all he has, and by complying with certain requirements of the bankruptcy law, his slate is cleared, so to speak, of all past debts, and he is at liberty to go ahead again on a new basis. This is all right and just where there has been an honest failure. But like all good measures, it is capable of grave abuses. Many schemers deliberately go into business and contract heavy obligations. Goods are bought on credit and sold for cash. Sometimes the goods are shipped to a distant town to a confederate. In any case, they are sold at a discount in order to turn them into ready cash. Before this large line of credit is asked, bills are paid promptly for the purpose of establishing a credit. Then when extra time is asked, with plausible excuses, credit is seldom refused. The business is carried along on this basis of unpaid bills as long as creditors entertain a hope of receiving remittances. Then some one becomes insistent, and the doors are closed, and the firm goes into bankruptcy. The receiver files his schedules, and you learn that the debts are over a hundred thousand and assets nominal, which means that everything has been cleaned out except the debts. If the receiver is friendly the schedule of assets is given at possibly one-half the liabilities, with the explanation that some of the assets are of doubtful value. In any event, the debts are wiped out, and the members of the old firm start up again in a new place. The hundred thousand was probably clear profit. The same men go through the bankruptcy court at frequent intervals, and occasionally one of them gets caught in the game and goes to jail; but the rule is they are well advised legally, and comply with the technical features of the law. The only trick in this scheme is to get the credit and convert the goods into cash. Caution in extending credits is the only safeguard.

The Marriage Swindle.

Some evening a carefully but modestly dressed gentleman drops into the country house, and casually drops the information that he is a minister. You note that he wears the ministerial dress. It happens that he is a minister of the church which you attend. He is a most engaging person. He is interested in the little children or the grown son or daughter as the case may be. He just captivates the good mother, and when you get through with the chores you find him practically installed. He suddenly remembers that he has stayed too long, and night is really advancing. He charges his delay to the fact that his hostess and the children have really caused him to forget the passing of time, through their interest and charm. He inquires for the next town. Wants to know the best hotel and how far it is. Of course, he is invited to stay all night, and accepts reluctantly and with many apologies for the intrusion. You have supper, and are having a pleasant evening. Your new-found friend certainly knows the Bible and the church. He is a strict moralist, and stands for the high ideals that you demand in business life.

It is past your usual bed time. The evening quietly slipped away under the influence of this entertaining minister. A knock is heard at the door. A young man accompanied by a young woman inquires if a minister is not stopping here. He is. May the young man see him on important business. At your invitation he steps into the room in an agitated frame of mind evidently. The girl follows blushing and hesitating. They want the minister to marry them. The minister tells them frankly that he would do nothing of the kind. He would never do such a thing. The young man argues, the young girl pleads. The minister remains firm. The girl cries, the young man breaks down. They have a pitiable story to tell. Finally the girl appeals to your wife with her tale of woe and desperate necessity. The good wife yields. She appeals to you. Finally you talk it over confidentially with the minister. The minister is yet reluctant, but finally consents provided you agree to sign the marriage certificate as a protection to him. You consent. The minister marries the young couple, and they go on their way rejoicing and happy. The next morning the minister bids you all good-bye with many thanks for your hospitality, and assurances of seeing you again.

In three months you get a letter from your local bank telling you that your note will be due the following day, and requesting your early attention. You remember no note, and call at the bank for explanation; but there is the note sure enough for $250. It is your signature sure enough. Then you realize that the alleged minister's interest in you and the marriage ceremony was all a trick to get your signature, and the certificate you signed is now a note for which payment is demanded. The note has passed into the hands of a third and presumably innocent party, and you must pay it. For the reason that this trick violates every instinct of gratitude for hospitality under a benefactor's roof, and also because it approaches a sacrilege in its execution, it is regarded as one of the meanest tricks resorted to by unconscionable scoundrels.